



REPORT

The Millowners' Association, Bombay.

Report for the Year 1938.

(Established 1st February 1875.)

PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON FRIDAY, 17th MARCH 1939.



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Bombay :
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1938

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OF
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REPORT FOR THE YEAR 1938.

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MILLOWNERS' ASSOCIATION, BOMBAY.

ESTABLISHED 1st FEBRUARY 1875.

List of Members.

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President Fund :—SIR H. P. MODY, K.B.E., M.L.A. and MR. S. D. SAKLATVALA, M.L.A.

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J. A. FORBES, 1878-79.
SIR DINSHAW MANEKJI PETIT, 1879-80, 1880-81, 1881-82, 1882-83, 1883-84, 1884-85,
1886-87, 1888-89, 1889-90, 1891, 1892.
SIR GEORGE COTTON, 1893, 1894, 1895, 1896, 1897, 1898, 1899*, 1900*.
JOHN R. GREAVES, 1899*, 1900*, 1901, 1902.
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SIR FAZULBHOY CURRIMBHOY, 1908.
SIR MANMOHANDAS RAMJEE, 1909.
HERBERT R. GREAVES, 1910.
SIR NESS WADIA, 1911.
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N. G. HUNT, 1919.
RAHIMTOOLA CURRIMBHOY, 1920.
SIR JOSEPH KAY, 1921, 1922.
SIR VICTOR SASSOON, 1923.
S. D. SAKLATVALA, 1924.
SIR NESS WADIA, 1925.
A. GEDDIS, 1926.
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SIR JOSEPH KAY, 1935.
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DHARAMSEY MULRAJ KHATAU, 1937.
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T. V. BADDELEY, 1939.

Secretaries.

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DAVID WATSON (Acting), 1881-82.
JOHN MARSHALL, 1884-98.
FREDERICK NOEL-PATON, 1898-1905.
J. B. LESLIE-ROGERS, 1905-11.
R. E. GREGOR-PEARSE, 1912-20.
C. B. SAYER, 1921-24.
T. MALONEY, appointed 1924.

Millobners' Association, Bombay.

Section I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON THE 17th MARCH, 1939.

The Millowners' Association, Bombay.

ANNUAL GENERAL MEETING.

PROCEEDINGS of the ANNUAL GENERAL MEETING of the Members of the Millowners' Association, Bombay, held in the rooms of the Association (Patel House, Churchgate Street, Fort), at 11-30 a.m. (S.T.) on Friday, the 17th March 1939, to transact the following business :—

- (1) To receive and adopt the Committee's Report for the year 1938 ;
- (2) To appoint Auditors of the Association's accounts for the current year and to fix their remuneration ;

and any other business that may be brought forward.

MR. KRISHNARAJ MADHAVJI D. THACKERSEY, Chairman of the Association, presided.

The following gentlemen were also present :—

Mr. J. F. Gennings, C.B.E., C.I.E., Commissioner of Labour ; Mr. D. S. Bakhle, I.C.S. ; Mr. P. N. Chandavarkar, Collector of Customs ; Mr. T. W. Johnstone, O.B.E., Chief Inspector of Factories ; Mr. J. Pratt, Chief Inspector of Steam Boilers ; Mr. M. P. La Bouchardiere ; Mr. M. E. Haskell, Assistant Director of Industries ; Dr. Nazir Ahmad, Director, Technological Laboratory, Indian Central Cotton Committee ; Dr. K. Venkataraman, Head of the University Department of Chemical Technology ; Mr. T. G. Mackenzie ; Mr. Gordhandas Goculdas Morarji, President, Bombay Country Fancy and Grey Piecegoods Merchants' Association ; Mr. C. P. Bramble ; Mr. Sankalchand G. Shah ; Mr. J. N. Mody ; Mr. A. C. M. Cursetjee ; Mr. H. F. Milne, representing the Kohinoor Mills Co., Ltd. ; Sir Ness Wadia, K.B.E., C.I.E., and Mr. P. T. Harrison, representing the Bombay Dyeing and Mfg. Co., Ltd. ; Sir Chunilal V. Mehta, K.C.S.I., representing the Century Spg. & Mfg. Co., Ltd. ; Sir Joseph Kay, Kt., and Mr. R. L. Ferard, representing the Colaba Land & Mill Co., Ltd., the New City of Bombay Mfg. Co., Ltd., and the New Great Eastern Spg. & Wvg. Co., Ltd. ; Mr. A. Geddis and Mr. J. C. Burns, representing the Finlay Mills, Ltd., the Gold Mohur Mills, Ltd., the Swan Mills, Ltd., and the Shri Shahu Chhatrapati Spg. & Wvg. Mills ; Mr. V. N. Chandavarkar and Mr. Vijayanand D. Sirur, representing the Minerva Mills, Ltd., the Modern Mills, Ltd., the Mysore Spg. & Mfg. Co., Ltd., and the Sri Krishna Rajendra Mills, Ltd. ; Mr. B. S. Dabke, representing the Morarjee Goculdas Spg. & Wvg. Co., Ltd. ; Mr. Dharamsey Mulraj Khatau, representing the Khatau Makanji Spg. & Wvg. Co., Ltd. ; Mr. T. V. Baddeley and Mr. R. W. Bullock, representing the Gokak Mills, Ltd., and the Simplex Mills Co., Ltd. ; Mr. A. M. Mehta, representing the Madhowji Dharamsi Mfg. Co., Ltd., and the Sir Shapurji Broacha Mills, Ltd. ; Mr. A. Pether, representing the Sassoon & Alliance Silk Mill Co., Ltd., the Sassoon Spg. & Wvg. Co., Ltd., and the New Union Mills, Ltd. ; Mr. S. D. Saklatvala, M.L.A., representing the Ahmedabad Advance Mills, Ltd., the Central India Spg., Wvg. & Mfg. Co., Ltd., the Svadeshi Mills Co., Ltd., and the Tata Mills, Ltd. ; Mr. C. P. Wadia, representing the Moon Mills, Ltd. ; Mr. B. G. Davy, representing the Apollo Mills, Ltd., the David Mills Co., Ltd., the E. D. Sassoon United Mills, Ltd., the Edward Sassoon Mills, Ltd., the Elphinstone Spg. & Wvg. Mills Co., Ltd., the Loyal Mills, Ltd., the Meyer Sassoon Mills, Ltd., and the Raymond Woollen Mills, Ltd. ; Mr. V. M. Merchant and Mr. U. M. D. Thackersey, representing the Crown Spg. & Mfg. Co., Ltd., the Hindoostan Spg. & Wvg. Mills Co., Ltd., the Indian Mfg. Co., Ltd., and the Western India Spg. & Mfg. Co., Ltd. ; Rao Sahib Pannalal Hiralal Lahoti, representing the Mahaboob Shahi Kulbarga Mills Co., Ltd. ; Mr. Ramnath Podar, representing the Podar Mills, Ltd. ;

Mr. M. M. Amersey, representing the Madhusudan Mills, Ltd. ; Mr. M. C. Ghia, representing the Rai Bahadur Bansilal Abirchand Spg. & Wvg. Mills ; Mr. Cavasji Cursetji Dalal, representing the Khandesh Spg. & Wvg. Mills Co., Ltd. ; Mr. L. F. H. Goodwin, representing the Lakshmi Cotton Mfg. Co., Ltd., and the Vishnu Cotton Mill, Ltd. ; Mr. Camar S. Tyabjee, representing the Azam Jahi Mills, Ltd., and the Osmanshahi Mills, Ltd. ; Mr. Kaikobad Cowasjee Dinshaw, representing the Burhanpur Tapti Mill, Ltd. ; Mr. Ramniwas Ramnarain and Mr. Madanmohan Ramnarain, representing the Bradbury Mills, Ltd., and the Phoenix Mills, Ltd. ; Mr. Gajanand Tapuriah, representing the Kamala Mills, Ltd. ; Mr. N. D. Bangur, Mr. G. D. Somani and Mr. B. D. Somani, representing the Shree Niwas Cotton Mills, Ltd. ; Mr. Bhagwandas Padamsey, representing the Digvijay Spg. & Wvg. Co., Ltd. ; Mr. T. Maloney (Secretary) ; Mr. N. S. V. Aiyer (Asst. Secretary), and Mr. R. G. Gokhale (Labour Officer).

The notice convening the meeting having been read by the Secretary, the CHAIRMAN said :—

GENTLEMEN,

When Mr. Dharamsey Mulraj Khatau was speaking from this place a year ago, he was undoubtedly in a happier position than I find myself to-day. A year of comparative prosperity had just ended. Despite the fact that the industry had been mulcted in heavy wage increases, he was hopeful in view of the order-book position of the industry, to anticipate a further period of prosperity for our industry. To-day, the position is one of almost unrelieved gloom.

In the world at large, political crises following each other in quick succession have played havoc with the economic situation and international trade. Commodity prices which had fallen rapidly in the last half of 1937 continued at low levels for many months, and it was not until the last quarter of the year that any sign of recovery manifested itself. Even then, the improvement was chiefly confined to the United States of America, but any betterment in that country is to be welcomed, since it may be expected to have repercussions in many other parts of the world. Towards the end of the year, the position in France, which had been extremely bad since the beginning of the year, showed signs of recovery, and there was a welcome increase in industrial production and signs of more settled labour conditions. In Germany and the totalitarian countries generally, industrial activity was maintained at high levels throughout the year, but this was largely owing to their enormous armament programmes, and speaking generally, exports from these countries fell away, and they are faced with difficulties in obtaining adequate supplies of raw materials from other countries owing to lack of foreign exchange. In the United Kingdom, there are still few, if any, signs of trade recovery, but benefits are expected to accrue to England and the Empire generally from the Anglo-American Trade Agreement and the subsidiary agreements arising therefrom. England may also benefit to some degree from the new Trade Pacts with Ireland, Egypt and Italy. The extent of the improvement will, however, depend very largely on the maintenance of peaceful relations between the democratic and totalitarian countries, and despite the recent developments in Czecho-Slovakia, there is to my mind a greater disposition on both sides to see and meet the other's point of view. After two years of bitter strife, the civil war in Spain shows signs of coming to an end, and the cessation of this conflict should do much to improve the relations between the major European powers. Unhappily for the world at large, the war in China still continues, and there appears to be no sign of its coming to an end within a reasonable space of time, and it necessarily follows that until peaceful conditions are restored in China, the greater part of the purchasing power of that country will be lost to the detriment of the general world recovery.

The general economic position in India was naturally adversely affected in 1938 by the events to which I have just referred, and there was a very definite falling off in the purchasing capacity of the country in consequence. The cotton export trade was particularly hard hit, as may be judged from the fact that, according to the index numbers maintained by the Department of Commercial Intelligence and Statistics, wholesale prices of raw cotton fell from 107 in May 1937 to 63 in January 1939. The cotton export trade suffered severely and, as compared with the previous year, was 41 per cent. less in terms of value and 35 per

cent. less in quantity. The Indian mill industry consumed more Indian cotton than ever before, but this increase in consumption by the indigenous industry did not fully compensate for the diminution in the export trade.

In oilseeds and other important items of exports from this country, the position was somewhat better, and exports increased both in quantity and value towards the end of the year. Low prices for raw jute and floods in Bengal further decreased the purchasing capacity in that Province, and the adverse effects of these two factors had serious repercussions on the Indian cotton mill industry towards the end of the year. Happily, the position in regard to both raw and manufactured jute has somewhat improved in the last few months owing to the jute ordinance and the agreement which succeeded it, combined with large orders for sand-bags from the United Kingdom. In consequence, the purchasing power of Bengal should increase, and the cotton mill industry should benefit indirectly from this higher buying capacity.

In the sugar industry, the latter portion of 1938 showed an improvement and cane prices were also higher than during the previous year. The coal and cement industries had fairly good years, but in the latter the bogey of over-production may have detrimental effects on the future prosperity of the industry. Production in the steel industry was maintained at high levels throughout the year, and there appears to be no immediate prospect of any serious diminution in output or in the volume of employment in this field of industrial activity. The tea industry was not so prosperous as in 1937 owing to the lower prices realised at the London tea sales, but the volume of exports was high.

As for our own industry, the actual working results for the year were better than they had been for a number of years, but this was solely due to the profits made on forward sales of cloth effected at the end of the year 1937 and in the first few months of 1938. During the last six months of the year, the position and prospects of the industry have rapidly deteriorated. Production was fairly well maintained for the first nine months of the year, and 3,200 million yards of piecegoods were produced by the industry as compared with 3,950 million yards in the calendar year 1937. From September onwards, activity has fallen away : in Bombay, for example, the number of spindles working double shift had decreased between the end of September and the end of January by more than 9 per cent., and there was a concurrent increase in the number of idle spindles. In addition, two spinning mills may shortly close down operations entirely. The decrease in the production of cloth was not quite so marked, but a number of mills have since intimated their intention of closing down their night shifts either wholly or partially. My personal view is that the time is not far distant when the example set by the jute industry in the matter of accommodating production to demand might well be followed, but I fully realise that Bombay cannot take action independently of the rest of India without serious detriment to the future of the local industry.

Signs are not wanting that the total quantities of piecegoods which the mill industry, the handloom industry and importers are striving to place on the market tend to be somewhat in excess of the demand that could be considered as normal judged by the purchasing power of the country. It must, in this connection, be remembered that the vast bulk of cotton piecegoods which are produced have to be sold to the agriculturist, and his purchasing power does not at present show any signs of improvement. As I have indicated in my earlier remarks, the prices of our staple agricultural commodities have decreased with adverse effects upon the ryots' financial position, and in these circumstances, Provincial Governments of this country would, in my view, be well advised to pay more attention to improving the lot of the cultivator. If his income is improved, the repercussions on Indian industries would be favourable and immediate, but, if, on the other hand, his interests are in any way neglected, it will not be possible to maintain production at present levels in industries which, like the cotton industry, are almost wholly dependent upon consumption of their products in India itself, and the maintenance of the existing high levels of wages, let alone their improvement, will be out of the question.

I have referred to the deterioration in the rate of output in our mills during the last few months, but this does not perhaps adequately bring out the seriousness of the industry's

present position. One has to take into consideration the very great increases during the last twelve months in stocks of cloth held by mills. In January 1938, total stocks of yarn and cloth in Bombay were 19,000 bales and 65,000 bales, respectively : at the end of January this year, the figures were more than double those just quoted. It is true that the great bulk of these stocks consist of sold goods, but that gives us very little satisfaction since our wholesale merchants are not apparently in a position to pass on their purchases to the consuming markets. Applications for extensions of delivery are now the general order of the day, and mills have had to do what they could to meet the reasonable wishes of their distributors in this connection. The extremely difficult position of dealers has also made it necessary for mills to make very substantial price concessions in respect of sales during the last three or four months, and the Calcutta price index for cotton manufactures shows that between March 1938 and December 1938 there had been a drop of 11 per cent. in prices generally, and in certain classes the drop in price was as much as 20 per cent. It will be agreed that such a drop in price would have wiped out the margins obtained in the earlier part of 1938, but our Central and Provincial Governments have apparently not yet fully realised the situation, for on the top of very big wage increases granted as a result of the findings of various Enquiry Committees, our Provincial Government have seen fit to impose on the industry of the Province heavy new burdens. The Immovable Property Tax will cost the mills in this city about 7 lakhs of rupees, and this may lead to further additions to our cost of manufacture in the way of higher Port Trust charges. The proposed Sales Tax on cloth, petrol and lubricants will also adversely affect the cost of production and militate against our competitive capacity. It has not been made clear by the Honourable the Finance Minister at what point the Sales Tax on cloth will be levied, but I assert that unless the Sales Tax is imposed at the point of retail sale, a portion, if not the whole, of the tax is likely to be passed back to the manufacturer. I fully realise the difficulties which have been thrown upon the Finance Minister owing to the Provincial Government having saddled themselves with the task of providing revenue to replace the loss suffered as a result of their unnecessarily expediting their prohibition policy, but even at this stage, I would urge the desirability of a more gradual solution of the drink problem and a fairer and more widespread system of alternative taxation. I would also ask the Honourable the Finance Minister to give practical effect to the statement he made on the floor of the Legislative Assembly in the Budget statement, when he said : "The policy we have deliberately adopted is one of active encouragement, support and protection to all big industry in our country in so far as it is in our power to extend these to them. Whether a Leftist, a Centrist or a Rightist, every Congressman accepts this policy whole-heartedly. Whether it is our labour legislation or taxation, or any other activity, it is our constant endeavour to see that our great industries receive all the assistance they are entitled to."

As far as the Central Budget is concerned, the only new tax proposed is that on raw cotton. We live in hopes that the deputation from the Indian mill industry, which is to wait on Sir James Grigg in three days' time, will be able to convince him of the injustice of this new taxation which is an indirect subsidy to Japan and Lancashire, and will be of no immediate assistance to the cotton growers of this country for the reason that the types of cotton on which the duty is imposed are not available in sufficient quantities in this country and will not become available within a measurable space of time. The new duty on raw cotton in the case of Uganda cotton means, at to-day's prices, a total tax of 20 per cent. *ad valorem*, and in the case of Egyptian cotton, a tax of 12 to 14 per cent. *ad valorem*. This, as you will realise, is an enormous handicap, and it will fall chiefly on the very class of goods which every Tariff Board has encouraged Indian mills to manufacture in greater quantities. The new duty will also penalise our spinning mills very severely and will greatly handicap the switching over to the manufacture of medium and fine count yarns which are imported in large quantities from Japan, China and England.

The present protection to the Indian cotton industry was granted after very full investigations by successive Tariff Boards. The taxes and other burdens imposed recently on the cotton industry by the Central and Provincial Governments have unwarrantably interfered with the protection which the Tariff Board considered necessary and desirable, and we shall do our best to insist on the restoration of the degree of protection which was accorded to the industry by the Textile Industry Protection Act of 1934.

We all know of the strenuous efforts which Lancashire has been making to insist upon an agreement with India which would give them material advantages *vis-a-vis* Indian mills in the Indian market, but what they had been unable to secure during the progress of these negotiations is now apparently to be granted to them as a free gift by the retiring Finance Member, and we can only hope that the Central Legislative Assembly will succeed in removing this new handicap to the Indian mill industry. While on the subject of Lancashire competition, it would be unwise not to bear in mind the possible effects of the Lancashire Cotton Industry Enabling Bill which provides for substantial governmental assistance for the reorganisation of the industry and the effects of the Bill now before the British Parliament designed to increase the amount and scope of the guarantees which can be given through the Export Credit Guarantees Department of the Board of Trade in connection with exports from the United Kingdom.

Taking the situation as a whole, I am unfortunately driven to the conclusion that the industry will in 1939, and possibly for some years to come, be in a very much worse position than it was in 1937 and 1938. The only ray of hope is the possibility—and I use the word “possibility” advisedly in preference to probability—of an improvement in the international political situation, which might go far towards reinvigorating the flow of international trade. The industry in Bombay particularly will again have to fight with its back to the wall and must endeavour to reduce still further its cost of manufacture by a more widespread adoption of efficiency measures. It is, I believe, by rationalisation alone that the future of our industry can be made secure.

Many matters of great importance have been dealt with during the year, and the General Committee and the various Sub-Committees and the secretariat of the Association have been kept very fully employed. It is not possible, nor do I think it is necessary for me, to refer to all the thousand and one subjects which have received attention, and I shall confine my remaining remarks to some of the more important issues which have been dealt with, but before doing so, I should like to pay a special tribute to the work done by the Labour and Technical Advisory (Managers) Sub-Committee on wages, labour and kindred problems. Very good work was also done by the other Sub-Committees, but they were not called upon as frequently as the Sub-Committee I have just mentioned.

INCOME-TAX LEGISLATION.

The Income-tax Amending Bill, now an Act, was examined in detail by a Sub-Committee in the year, and as a result of their work, the Association submitted a very comprehensive representation to the Government of India dealing with those features of the legislation which most closely concerned our industry. I am pleased to record that the Government of India met our point of view in certain matters, but in other directions, there is still room for dissatisfaction. In the first place, we are still in the dark as to the rates at which depreciation will be allowed on different types of plant and machinery under the written down value system. The written down value system is in itself an innovation in this country and contrary to general business practice, and we should have preferred the retention of the old method of calculating depreciation at specific percentages on the initial cost. We understand that the depreciation rates are to be stipulated in the rules after Government have consulted commercial and industrial interests, and we are at present preparing a case for submission to Government. Another innovation in the Act is the introduction of the “slab” system of assessment. In principle, the Association was not opposed to the adoption of a “slab” system, as such a method would remove some of the anomalies of the old system, but we made it clear in our representation, and Sir H. P. Mody made it clear in his speech in the Assembly, that we were opposed to the adoption of a “slab” system which would merely be a device for collecting in the aggregate a larger amount of income-tax than what the country had hitherto been paying, or be used for the purpose of incorporating in the tax the surcharges on income-tax which Government had solemnly promised, on more than one occasion, to remove at the earliest opportunity. What, in fact, we wished to know, before blessing the new method, were the rates to be applied to successive slabs of income. In our representation we made it clear that we were opposed to the specimen scale suggested in the Income-tax Enquiry Committee's Report for the reason that that scale was in itself not free from anomalies, and would, on the whole, increase the income-tax and super-tax

payable by companies and individuals. We did not object to a certain amount of relief being given in respect of small incomes, but we did object to the relief so accorded being more than made up by additional tax to be imposed at the other end of the scale. As things have turned out, our fears and objections were amply justified because the new Finance Bill has incorporated *in toto* the specimen scale of taxes set out in the Income-tax Enquiry Committee's Report except that the concessions suggested by the Enquiry Committee in regard to Hindu undivided families with more than one adult married male member have not been granted. We also made it clear in our representation that the practice of treating super-tax as a tax on incorporation in certain instances and as a tax on income in others was an anomaly which should be removed, but the anomaly still remains in the new Act.

LEGISLATION FOR THE REGISTRATION OF TRADE MARKS.

Another important matter which received attention during the year was Mr. Nehru's draft Bill for the registration of trade marks in India. We welcomed the principle of the Bill provided special arrangements were made in regard to the registration and protection of cotton marks and drew Government's attention to the desirability of maintaining an independent Register for such marks under the control of a special officer with headquarters in Bombay and stressed the advisability of making the Bombay High Court the Appellate Authority in the case of such marks. The Association, as you all know, has been registering and protecting the trade marks used by member mills for more than fifty years, and we suggested that special facilities should be granted for the transfer of marks registered by the Association to the Governmental Register. Another important suggestion we made was that there should be an intermediate Tribunal of Appeal between the Registrar and the High Court. We have as yet had no indication regarding the final form the Government Bill will take, but hope to have an opportunity of discussing the matter in all its bearings with Mr. Nehru who, it is understood, has once more been placed on special duty in connection with this measure.

PROPOSED AMENDMENT OF THE INDIAN MERCHANDISE MARKS LAW.

A Bill to amend the Indian Merchandise Marks Act was also considered during the year. The Bill, among other things, provided that the name of the country of origin should be stamped on particular classes of goods imported into British India including cotton piecegoods, and also laid down that imported, as well as Indian mill manufactured piecegoods, should bear the name of the manufacturer or the first wholesale dealer in India and an indication of the real length and width of the piece. We favoured the compulsory stamping of the name of the country of origin on all imported goods and also supported the suggestion that the name of the manufacturer or the first wholesale dealer in India should be stamped on all piecegoods. The stamping of the correct length on piecegoods is already compulsory, but we pointed out certain practical difficulties connected with the stamping of width. The Bill further provided for the stamping of certain particulars on imported and Indian mill-made cotton yarns and, while these proposals had apparently been based on representations made by us from time to time to Government for the purpose of bringing to an end certain malpractices existing in the yarn trade, there appeared to have been some misconception as to what the Association had advocated as the appropriate and practical remedies, and your Committee thought it desirable to restate their previous suggestions.

LABOUR MATTERS.

As in the last few years, a very great deal of time and thought was devoted to labour matters during the year, and a number of very useful recommendations were sent out to members as a result of the deliberations of the Managers' Sub-Committee. It would take too long to enumerate all of these, and I shall only refer to one or two of the more important. A recommendation suggesting the appointment of Labour Officers was made by the Royal Commission on Labour in 1930, and as a result, the Association appointed its own Labour Officer following the passage into law of the Bombay Trade Disputes Conciliation Act of 1934. The very great value of this appointment both to employers and employees was realised in the years that followed, and in 1936 he was given an assistant. Even so, the Association's Labour Officer and his staff found it impossible to deal adequately with the

very many problems and difficulties concerning labour and at the beginning of 1938, after a close study of the subject, a recommendation was sent out to mills suggesting that individual mills would be well advised to have their own Labour Officers. It was further indicated in the recommendation that the main function of such officers in the early stages should be to supervise recruitment, prevent abuses, ensure a fair deal for labour and generally to assist the management in all labour matters. An outline of the duties which might be entrusted to such officers during their first year of service was also drawn up for the guidance of members. As regards the qualifications for the appointment, it was suggested that the candidate should belong to the Mahratta community and should be able to write and speak that language fluently. Other desirable qualifications would be a general knowledge of the technical processes of the mill industry and a detailed knowledge of social and economic problems, but the most essential qualifications would be integrity, personality and tact. The difficulties which might be experienced in obtaining candidates with the necessary qualifications was realised, and the Committee, therefore, devised a system of training, including a detailed study of the provisions of all the enactments concerning labour and the recommendations issued by the Association from time to time concerning labour welfare.

As a result of this recommendation, nine important groups of mills have appointed Labour Officers, and we have every hope that their example will be followed by other mills in the near future. The influence of the Association's example, it is satisfactory to note, has been felt in other industries and other parts of the country, and Special Officers have been appointed to deal with labour matters by the Jute Mills' Association, Calcutta, and the Employers' Association of Northern India, Cawnpore, and a number of other appointments appear to be under consideration.

Another important advance has been made as a result of the Association's recommendation that detailed service record cards should be kept by mills for every individual worker on the permanent muster of employment. The chief consideration which weighed with the Committee in connection with this proposal was the desirability of establishing and maintaining the closest possible contact between the mill managements and their individual workers and the desirability of having readily available a detailed record of each operative's service for the purpose of determining his suitability for promotion and for many other subsidiary purposes. The Committee, when making their recommendation, also set out the details of the information which should be kept in respect of each worker and the exact form in which it should be recorded and maintained. The response to the recommendation has, I am glad to say, exceeded expectations, and the great majority of mills in Bombay have already introduced the service record card system.

Valuable work has also been done through the Association's Labour Officers in the matter of finding employment for workers displaced owing to closing down of night shifts, and the service certificates given by all mills to displaced workers have been of considerable help to them in obtaining new employment in other mills.

The year has not been entirely free from strikes, but such disputes as have occurred have, fortunately, been of comparatively short duration owing to the more effective means which now exist for ascertaining and disposing of workers' grievances. When a dispute arises, the Government Labour Officer and the Association's Labour Officer immediately proceed to the mills concerned and discuss the issues with the representatives of the workers themselves, and if a settlement is not arrived at during these talks, the case is placed by one side or the other before the Chief Conciliator. When an application is received by the Chief Conciliator, he calls the parties before him; each side states its case, and in almost all instances a fair settlement is arrived at. Occasionally, outside influence has been brought to bear on the workers not to accept the settlement suggested by the Chief Conciliator, but only on very exceptional occasions has resistance been general among the workers concerned or lasted for more than a few days.

At this stage, I must pay a tribute to the fairness and impartiality which Mr. Gennings has shown in all conciliation proceedings which have taken place before him. Mr. Gennings is leaving India permanently in a few months, and I should like to wish him on behalf of our Association every success and happiness in his future career. He will be succeeded by

Mr. D. S. Bakhle, I.C.S., and we hope that our relations with him will be as cordial as they have been with his predecessor.

Mr. Pryde who has held the appointment of Government Labour Officer since 1936, will also be proceeding on leave very shortly after a very strenuous period of service. Our relations with Mr. Pryde during the last three years have been close and cordial, and I hope that we shall have the pleasure of welcoming him back as Labour Officer on the expiry of his well-earned vacation. Mr. M. P. La Bouchardiere, an officer with a distinguished record of service, will act for Mr. Pryde, and I take this opportunity of extending to him a welcome and offering to him our full co-operation.

After a very protracted discussion in the Legislative Assembly, the Bombay Industrial Disputes Bill was finally passed on 4th November 1938. Our Association welcomed the general principle of the Bill which provides that a strike or lock-out may be declared illegal if due notice is not given and the processes of investigation and conciliation specified in the Act have not been completed. The measure was somewhat improved by amendments during the discussions in the Assembly and Legislative Council, but its exact value as an instrument for ensuring peace and progress in the industry will not be ascertainable until the Act has been working for some considerable time. Unfortunately, the representatives of Labour in the Assembly strongly opposed the measure on the ground that it interfered unduly with the right to strike, and when the Bill was passed despite their opposition, some of the labour leaders and their organisations attempted to bring about a one-day general strike on 7th November 1938. The strike was only a partial success, but unfortunately, it led to a series of disturbances and more than 600 people were injured. The police had to open fire in self-defence and two people died from gun-shot wounds. An Inquiry Committee was immediately appointed by Government to investigate the causes of the disturbances. The Report of the Committee, before which the Association gave evidence, was published in February 1939. The Committee found that the origin of the disturbances was to be traced to the combination of the communists who controlled the Bombay Provincial Trade Union Congress and the Independent Labour Party in the Bombay Legislative Assembly on an anti-Congress platform and the incitement by the leaders of these parties to violence to make the strike successful. The Committee also recorded the opinion that the firing resorted to by the police was entirely in self-defence and that the violent attitude and actions of the crowds who had been incited and inflamed by the speeches and writings of, and the propaganda carried on by, the members of the Council of Action, were solely responsible for the firing.

Since the advent to power of the Congress Party in eight Provinces, a very large number of Inquiry Committees have been appointed to deal with wage and labour questions, and there has also been a spate of Bills on labour matters. Our industry appears to have been specially singled out in the matter of wages, and heavy increases in monetary wages have been imposed on it in many important centres. As a result of the interim recommendations of the Bombay Textile Labour Inquiry Committee, wages have been increased by roughly 12½ per cent. in the City and Island of Bombay, and in other centres also heavy wage burdens have had to be borne. I have also indicated how onerous these new burdens are at the present time when cloth and yarn prices are lower than ever before and stocks are increasing owing to the very low purchasing power of the agriculturist. Not content with what has already been secured in the shape of monetary increases in wages, certain Provincial Governments are apparently considering the advisability of further direct and indirect burdens on industry. Unfortunately, Provincial Governments by acting independently are gradually bringing about a chaotic state of affairs in the social field, and I feel that the time has come when some sort of co-ordination should be attempted. We stressed the need for co-ordination and central planning when we waited in deputation on His Excellency the Viceroy during his recent visit to Bombay, and His Excellency, in his reply, agreed that the pooling of provincial experience and provincial effort for the formulation of a common policy of social and labour legislation should be encouraged. What, in the words of His Excellency, is necessary is that "labour legislation in India should aim at combining a basic unity with the adaptability necessary to meet the diverse conditions of different localities." The National Planning Committee appointed by the Congress appears to be a step in the right direction, but that Committee will only deal with economic planning and will leave untouched

the question of co-ordination of labour legislation which so vitally concerns established industry. I hope, however, that in the very near future something will be done to bring about collaboration in labour matters not only in Provinces with Congress Governments, but also in Indian States and in Provinces which are not under Congress control.

The Bombay Textile Labour Inquiry Committee is still with us. It made its interim recommendations a year ago, and its final report is expected in August this year. Owing to illness, the Chairman, Mr. Jairamdas Daulatram, had to resign, and Mr. Justice Divatia was appointed to succeed him. Further written and oral evidence has been submitted to the Inquiry Committee by the Association, but the Association has not yet been orally examined regarding the deterioration of the position of the industry since the publication of the interim report or in respect of the technical data submitted to the Inquiry Committee. Further examination will probably take place *in camera* during the month of April.

Certain minor amendments had been made to the Association's Piecegoods Arbitration Rules. These have been referred to on pages 17 and 18 of the Preliminary Report now in your hands and have been put into operation pending your formal sanction which will follow from your adoption of the Report. A system of arbitration on dealers' trade marks has also been introduced for an experimental period, and if this proves satisfactory, the rules governing these arbitrations will be submitted to the next annual general meeting for sanction.

Death has laid a very heavy hand on the Association during the past year. Sir Nowroji Saklatvala, the head of the great House of Tatas and one of the oldest members of the Committee and its Chairman in 1916, died suddenly at the very zenith of his career. India will miss his guiding hands more than we can say. Sir Phiroze Sethna also passed away suddenly towards the end of the year. He died in harness and the business world and the mill companies with which he was connected will find him difficult to replace. The death of Sir Sorabji Bezonji Mehta took place in December 1938. He was better known in the Central Provinces than in Bombay, but the Central India Mills, which he controlled, were amongst the Association's oldest members, and Sir Sorabji was an acting member of the Committee of the Association in 1929. Another severe loss to the Association was caused by the unexpected demise of Mr. Pransukhlal Mafatlal, the eldest son of Mr. Mafatlal Gagalbhai. He was struck down at the commencement of what promised to be a very brilliant career. He was a member of the Committee of the Association in 1934. The Association's first Labour Officer, Mr. C. A. Dalal, died in the month of December 1938, after a very long illness patiently borne. In his case also, a career of very great promise was cut short, and we shall remember with gratitude his very valuable services to the mill industry in Bombay during the three years he was connected with the Association.

We also sincerely mourn the loss in the very prime of his life of Lord Brabourne who, during the time he was the Governor of Bombay, won the affection and esteem of all of us and did very good work for the industry.

DOMESTIC AFFAIRS.

It remains for me to thank the Deputy Chairman, Mr. Milne, and the Committee for the very valuable help which they have accorded to me during my chairmanship. On all occasions they have responded readily to the very many calls I have made on them and their courtesy and consideration has made my chairmanship a very pleasant task. I am deeply indebted to our Secretary, Mr. Maloney, and his able assistant, Mr. Aiyer, for the co-operation and assistance I received from them in the discharge of my duties. Their capacity for work and the experience and knowledge gained by them during years of close association with the industry have been an invaluable aid to successive Chairmen whose confidence they have enjoyed. Our Labour Officer, Mr. Gokhale, has been very ably discharging his duties; to him and to the small staff of the Association, our thanks are due for the very efficient and loyal service which they have rendered to us.

To-morrow the chairmanship of the Association will again pass into the capable and experienced hands of Mr. Baddeley. Mr. Neville N. Wadia, the son of Sir Ness Wadia, the oldest member of the Committee and one of the outstanding personalities of the industry,

will take over the Deputy Chairmanship from Mr. Milne. I feel certain that, in their very capable hands, the interests of our industry will be very well looked after.

ACCOUNTS OF THE ASSOCIATION.

The balance sheet and income and expenditure account, which will be found at the end of the Report, disclose that the finances of the Association remain in a very sound position despite the reductions which were made in membership subscription a few years ago, and notwithstanding the fact that certain mills in Cawnpore found it necessary to terminate their membership owing to the formation of a local organization in that centre. The loss of income which we suffered by their resignation has been more than made up by accession to membership in Bombay and other parts of the country.

Gentlemen, I now formally propose "that the Report of the Committee for the year 1938 be and is hereby approved and adopted."

In seconding the adoption of the Report, MR. H. F. MILNE, Deputy Chairman, said :—

GENTLEMEN,

You will have appreciated from the Chairman's speech, even if you had not realised it before, that the past year was a momentous one in the history of the industry and that in spite of our best endeavours, there is a real fear that the future prosperity of our industry has been jeopardised by the new taxation and additional wage burdens which the Central and Provincial Governments have seen fit to impose upon it. After more than a decade of unrelenting toil, the industry was just beginning to reap the fruits of its efforts to withstand competition from overseas, but events beyond our control seem likely to deprive us, in the immediate future, of any hopes we may have had. An over-zealous Provincial Government burdened the industry with very heavy wage increases in February last, and not content with that, added further to the cost of production by the recent Immovable Property Tax and Sales Tax on cloth. The unkindest cut of all, however, is the Central Government's proposed addition to the import duty on raw cotton which unlike the original duty imposed in 1931, has not been accompanied by an increase in the duties on imported cloth or yarn. The Chairman has already spoken at some length on this subject, but I would like to add my most emphatic protest against this duty which, being a duty on a raw material, is against sound canons of taxation and which operates directly against the recommendations of successive Tariff Boards since 1927, which recommendations, I may say, have been accepted by the Government of India. This duty will not only adversely affect the industry's production of medium and fine count cloths, but it will be an even more severe handicap to the manufacture of yarn in which cotton represents a very high percentage of the total cost. The new duty will not only affect our competitive capacity in the home market but will also exercise a very adverse influence on our export trade, where we have been waging a losing battle for some time. This time 12 months ago, the industry was enjoying increased trade with several overseas markets, Egypt in particular being a very good customer. In April, however, our trade with this country was abruptly cut off on account of an increase in the import duties on yarn and piecegoods, followed by the introduction of a quota system. The strangling effects of this dual restriction imposed on our trade with this country was the subject of several representations to the Government of India during the year, but no success has so far attended our efforts to obtain concessions although, taking into consideration the general trade position between the two countries, India is undoubtedly in a very strong bargaining position. We understand that an Indian Government Trade Commissioner has now been appointed at Alexandria, and Government have been requested to instruct this officer to bring our case prominently to the notice of the Egyptian Government.

A good deal of constructive work was done by the Association during the year, and among the more substantial results achieved in this direction, mention might be made of the reduction in the fire insurance premiums on African cotton. Hitherto, the rate of premium was considerably higher for African than for Indian or Egyptian cotton, but as a result of representations and discussions with the Fire Insurance Association, the premium rates have now been made the same on these three types of cotton leaving only American at a

higher rate. Reductions were also obtained from the Fire Insurance Association in the rate of premium payable in respect of dyeing and/or bleaching departments containing cylindrical drying machines, and the Fire Insurance Association have also met us in another matter concerning additions to sprinkler installations. We gratefully acknowledge the manner in which the Fire Insurance Association have accommodated us in these matters.

Our efforts to secure further reductions in power costs did not, unfortunately, meet with the same success, although the revenues of the Power Companies have during the last few years benefited greatly owing to the more general adoption of double shift working. The position at the moment is that the comparative cost of 'own' power and hydro-electric power for different power loads is under investigation, and if, as we hope, it can be proved that 'own' power is more economical than purchased power, it may be possible to persuade the Power Companies to reduce their charges.

Following discussions with the East India Cotton Waste Association, standard tender and contract forms have been framed for waste transactions. The terms and conditions set out in the tender and contract forms give effect to the undertakings given to the Waste Association, and the new contracts have been adopted by all member mills; and up-country mills have also, in certain instances, indicated their willingness to adopt the standard tender and waste contract forms with appropriate modifications.

About the middle of the year, the Association was invited by the Government of Bombay to express an opinion on the control of forward trading in stocks and shares, cotton and in commodities generally. It was stated that an examination of this problem by Government had revealed that the existing position was unsatisfactory and that if effective control over forward trading was to be exercised, it might be necessary to amend the law. The matter was carefully examined by the Committee and other interests were also consulted. In their reply to Government, the Committee stated that they were emphatically opposed to Government control of trade unless the trade itself desired it, or a position had arisen in which the trade had proved totally incapable of providing adequate and equitable trading facilities for all or any particular section of the trade. As far as share bazaar transactions were concerned, it was indicated that the Association would welcome an improvement in the methods of working, but until this had been achieved, they could not agree that it would be desirable to make contracts entered into with non-recognised associations illegal, instead of merely void at law. As far as control of forward transactions in cotton was concerned, we stated that we were inclined to agree that it would be advantageous to have forward trading regulated on a uniform basis throughout the Province and, if possible, throughout India. On the subject of unitary control, we agreed that it was an ideal to be aimed at, but at the same time indicated that we preferred this ideal to be reached by voluntary agreement amongst all sections of the trade without any resort to penal legislation. We also made it clear that if it was the intention of Government to facilitate control of the trade by one organisation, then a pre-requisite would be a constitution which provided for the representation of all the interests concerned in such a manner as would exclude the possibility of any particular section of the trade obtaining a controlling voice in the affairs of that organisation.

Improvements have been effected in the statistics published by the Association and valuable information has continued to be supplied to members regarding the more important markets in India through the medium of weekly reports from special correspondents in the centres concerned. The Association has also dealt with numerous trade enquiries from all parts of the world and placed enquirers in touch with those member mills who might be in a position to meet their special requirements. Proposals for the revision of the Government of India Import and Production Statistics were submitted to us for our consideration during the year. The proposals were of a complicated character and were the result of an investigation by an officer who had been placed on special duty for that purpose. Apparently, these proposals were more or less accepted by every organisation except our own. Close inspection by a Special Sub-Committee showed the need for a drastic revision if the statistics were to serve the real purpose for which they were intended. The Association's detailed views have been communicated to the Government of India, and it is understood that our counter-proposals will be circulated to the interests concerned for comments.

Gentlemen, with these remarks I have pleasure in seconding the adoption of the Report.

The resolution was then put to the meeting, and carried unanimously.

On the motion of SIR CHUNILAL V. MEHTA, seconded by MR. A. PETHER, it was resolved :—

“That Messrs. A. F. Ferguson & Co. be and are hereby appointed as Auditors of the Association’s Accounts for the current year on the usual remuneration hitherto paid to the Association’s Auditors.”

MR. DHARAMSEY MULRAJ KHATAU proposing and MR. S. D. SAKLATVALA seconding, it was resolved :—

“That the following donations be sanctioned and paid out of the Association’s Funds for the current year :—

	Rs.
The Victoria Jubilee Technical Institute	1,500
The Police Comforts Fund	1,000
The Textile Technical School	700
The Sir J. J. Hospital Nursing Association Fund	500
The K. E. M. Hospital Poor Box Fund	400
The Naigaum Social Service Centre “	350
The Goculdas Tejpal Hospital Nursing Association Fund	200
The Bombay Textile and Engineering Association	200
The Maharashtra High School	150
Total ..	Rs. 5,000 ”

On the motion of MR. T. V. BADDELEY, seconded by SIR NESS WADIA, a vote of thanks was accorded to the outgoing Chairman and Committee for their very able conduct of the Association’s affairs during the year.

Millowners' Association, Bombay.

Section II.

FOREWORD, PRELIMINARY REPORT AND ACCOUNTS
OF THE ASSOCIATION.

REPORT

OF THE COMMITTEE OF THE

MILLOWNERS' ASSOCIATION, BOMBAY.

For the period 1st January to 31st December 1938.

FOREWORD

THE political situation in Central Europe during 1938 claimed the closest attention from all nations in the world and events took place which seemed to threaten modern civilisation itself. It would be humanly impossible when reviewing the year even from an economic or industrial point of view not to be affected by the war atmosphere which prevailed almost throughout the year. The political events which filled the entire world with dismay and anxiety affected all human activities. It was not only diplomatic and political circles that watched these events ; for every political move had its effect on the markets of the world including the cotton market in New York, the money market in London, the Bourse in Paris, the share bazaar in Bombay, yarn market in China or the wheat market in Canada. Although the crisis during the month of September almost overwhelmed us, a critical survey of the general political situation which existed, apart from the Spanish and China affairs, since the commencement of the year seems to indicate that world affairs were definitely tending towards a final clash which might result in another world war.

As early as January 3rd, President Roosevelt in his address to the Congress referred to a " world of high tension and disorder " and to a " world where stable civilisation is actually threatened." The President also did not fail to notice that armaments were increasing at such an alarming rate so " as to involve a threat to world peace," and Mr. Anthony Eden disclosed that he was attempting to obtain international agreement on the question of aerial bombing of civilians. Soon after this Sir Samuel Hoare, the Home Secretary, made an appeal for volunteers for the Air Raid Precaution Services.

The first real indication of coming events was the absorption of Austria into the German Reich in April. The action of Germany was so swift that the event left the world dumbfounded. The bewildered nations in Europe realised that the sabre-rattling methods of Herr Hitler had succeeded to a remarkable degree, and that this coup had made Germany more powerful than ever before. Once the Austrian problem was out of the way, Herr Hitler turned his attention to Czecho-Slovakia. If a show of force had succeeded in case of Austria, it was not likely to fail in case of another neighbouring State. About the end of April, there were rumours of negotiations between Berlin and Prague, and following this, in May, Herr Hitler paid a visit to Rome with a view to further strengthen the Rome-Berlin axis. By this time the tension

in Europe was temporarily relieved, and Britain and Italy thought it advisable to approach one another with a view to solving the Mediterranean problem where both these countries had vital interests. However, war-clouds were gathering again, and there was great nervousness during the month of May in diplomatic circles with regard to Germany's real intentions towards Czecho-Slovakia. Rumours of German troop movements reached London, and it was known that the Czech Army had already mobilised one class of reservists, but the British Ambassador was assured by the German Foreign Secretary that his country did not contemplate military action. In spite of this assurance public opinion in Great Britain and elsewhere was greatly roused. On Sunday, 22nd May, rumours of a planned German attack were current which led to a week-end Cabinet meeting in England. Europe thus had another "black week," the first being at the time of the Austrian crisis. At the beginning of June, it looked as if a world war was inevitable. On 1st June, Sir Samuel Hoare, the Home Secretary, revealed to Parliament some of the British Government's defence measures, and there were similar activities in Paris. In the month of July, the King and Queen paid a visit to Paris with the object of re-affirming the solidarity of the two great democracies.

The German press campaign against Czecho-Slovakia continued unabated through the month of August. We now come to the fateful month of September when Europe passed through most anxious days. The anxiety that prevailed during the week-end, 10-12th September, was reminiscent of those dark days which prevailed just before the outbreak of the Great War on 1st August 1914, and the fate of the world appeared to depend on the speech which Herr Hitler was to deliver at Nuremberg on Monday, 12th September. The world was almost prepared for the worst, as two days previous to this Herr Hitler's right-hand man, General Goering, made a speech reviling democracies—a speech which left little doubt as to the bellicose attitude of Germany. Herr Hitler's speech was on the same lines—gibes at Great Britain, sneers at the democracies and attacks on the Czechs. At the same time, he renewed his pledge to France and spoke of the Anglo-German Naval Treaty, but the demand on behalf of the Sudeten Germans was put forward in a manner which left little doubt that if not granted there would be war. There was no ultimatum, but there was also no proposal for promoting peace so that the situation in Europe remained almost the same as before Nuremberg. Anyhow, for the time being the storm had blown over. Then came the news that the Prime Minister of England had decided to fly to Germany on 15th September and establish personal contact with the Fuhrer. It was announced the next day that the Prime Minister was returning to England for consultation with the Cabinet, and there were also consultations between the Governments of Great Britain and France. It was announced on 20th September that the Czech Government under heavy pressure had accepted the Anglo-French proposals for dismemberment of Czecho-Slovakia. Mr. Chamberlain flew again to Germany for a further discussion with Herr Hitler at Bad Godesberg. On 23rd September, rumours reached London that Mr. Chamberlain and Herr Hitler had discontinued discussions, but happily there was a final midnight interview at which it was arranged that the British Premier would transmit the German ultimatum to the Czechs. The Czech Army mobilised and France also partially mobilised. It was feared that a

clash between the German and Czech armies would occur at any time and lead to the final Armageddon. Mr. Chamberlain flew back to London, and on Sunday, 25th, the Cabinet had consultations with the Premiers and Foreign Secretaries of Great Britain and France. At the time it was believed that Herr Hitler was prepared to plunge Europe into war for the sake of a time limit. The next day, September 26th, Herr Hitler in an impassioned speech declared he would stick to the ultimatum contained in the German memorandum and that Dr. Benes should give up the Sudeten German districts by 1st October. On Tuesday, 27th, Mr. Chamberlain made his historic statement to the Press when he expressed his disappointment at Hitler's changed attitude and his determination to prevent war if possible. The next day the mobilisation of the British Navy as a precautionary measure was announced. On the same day Mr. Chamberlain informed the House of Commons that he was flying to Munich the next day for a further interview with Herr Hitler at which Signor Mussolini and the French Premier would also be present. On Friday, September 30th, a war-menaced world was informed that the Big Four at Munich had come to an agreement. Later, it was further announced that Mr. Chamberlain had signed a declaration at Munich agreeing that the British and German nations did not desire to go to war against each other. On arrival in England Mr. Chamberlain said "I believe it is peace for our time." It remains to be seen how long that appeasement, bought at the sacrifice of a brave but small State—Czecho-Slovakia—is going to last. The German troops began to occupy the Sudeten areas on 1st October as arranged by the Munich Peace Agreement. This process continued for about two weeks. A sigh of relief was heaved by European countries, but it was, at the same time, realised that the subjugation of Czecho-Slovakia was not the ultimate ambition of Germany. Hungary and Poland were encouraged to make similar demands which had also to be satisfied. Herr Hitler declared that he had no further territorial ambition in Europe, but that the question of Colonies had still to be settled. All the same it is known that Germany aims at creating an autonomous Ukraine so as to reduce the power of Russia and further strengthen her own position.

In the month of November, the murder of Herr Von Rath, an officer of the German Embassy in Paris, took place, and this served as an excuse to launch a horrible and callous persecution of the Jewish people throughout Germany—a persecution which shocked every nation of the world.

Although during the last month of the year no further demands came from Germany, her ally Italy considered it was her turn to continue the process and keep the world in a state of ferment. She made demands on France for the return of Tunisia, Nice and Corsica and also claimed Djibuti. A campaign of mutual vituperation started in the Italian and French Press, and even at the end of the year nations were left wondering as to when and from which quarter a crisis would arise, and what the consequences would be! This survey of events, which are of great historical importance and which have overshadowed all other events in the world, gives rise to the reflection that if all the time, energy and expense spent in creating political crises from month to month had been devoted to the social, scientific and economic problems facing the world, the human race to-day would have progressed in every direction and international trade and commerce might have been benefited.

Although political events dominated the world throughout the year, much constructive and useful work was done in the domain of trade and important agreements were concluded. The most important of these was the Anglo-American Trade Agreement. The main idea behind this Agreement is to foster trade between the two countries by removing some of the barriers and by relaxing restrictions imposed in the past. This Agreement may, therefore, be said to lead the way for improvement of international trade.

On 7th January 1938, Mr. Cordell Hull, United States Secretary of State, issued formal notice of the intention to negotiate a trade agreement with the Government of the United Kingdom. This was followed by discussions between representatives of His Majesty's Government in the United Kingdom and of the United States of America which resulted in a new Agreement being signed in Washington on 17th November 1938. The Agreement is for an initial period of three years. In addition to the United States of America and the United Kingdom, the Agreement covers Newfoundland and the Colonial Empire, whilst the Dominion Governments and India agreed to a modification of their Ottawa Agreement rights. Canada, at the same time, signed a new Agreement with Washington to replace that which expired at the end of 1938. The main provisions of the Anglo-American Trade Agreement were based on the most-favoured-nation treatment. Notable concessions were made to the United Kingdom in the textile field. The United States of America is one of the United Kingdom's most valuable markets for textile manufactures, and in the case of the main classes of cotton piecegoods, the reductions average from 20 per cent. to 30 per cent. In return, concessions have been made to the United States covering about two-thirds of her trade with the United Kingdom. In the case of wheat, Britain agreed, with the consent of Canada, Australia and India, to abolish the present duty of 2s. a quarter.

Another trade agreement of greater immediate interest to India was the Anglo-Egyptian Trade Agreement. Towards the end of October, a Mission representing the Lancashire cotton goods export trade, led by Sir Thomas D. Barlow, K.B.E., arrived in Cairo, and was engaged in discussions with the Egyptian Government concerning the United Kingdom cotton trade with that market. Early in April 1938, the Egyptian Government had introduced increased duties on the full range of cotton yarns and piecegoods. The effect of the duties since that date had been gravely disturbing to Lancashire's exports to the Egyptian market. Following telegraphic protests to His Majesty's Government from the Manchester Chamber of Commerce, a Delegation representing the Lancashire trade was received on 27th April by the Right Hon'ble R. S. Hudson, M.P., Parliamentary Secretary to the Board of Trade. The Deputation drew the attention of His Majesty's Government to the attitude of Lancashire producers who viewed with dismay the action of the Egyptian Government and expressed the view that the increased duties must in the long run, unless considerably modified, have a direct bearing on Egypt's future trade with Lancashire in raw cotton. This was followed by an invitation from the Prime Minister of Egypt to send a duly accredited delegation to Cairo to discuss the whole matter with the Egyptian Government. These discussions resulted in a Trade Agreement which was ratified by the Egyptian Cabinet on 1st December. Under this Agreement, imports of cotton piecegoods into Egypt are to be

regulated by a system of quotas, the quantity of piecegoods which any particular country will be permitted to export in any one year to Egypt being based on the ratio which that country's takings of Egyptian cotton bear to the total exports of Egyptian cotton over the preceding three years. India's share under this arrangement amounts to a maximum of 5.5 million yards, a figure considerably less than the total sendings of Indian piecegoods to Egypt during the last two or three years. This matter was brought by the Association to the notice of the Government of India, and it is understood that representations have since been submitted by Government to the Egyptian authorities.

Mention must also be made of a new Anglo-Italian Commercial Agreement. This Agreement came into force on 28th March 1938. The first part of the Agreement amends the existing Clearing Agreement and the other replaces the Commercial Agreement of 6th November 1936. The purpose of the Commercial Agreement is to establish revised quotas for United Kingdom goods (other than coal) imported into Italy, and, *inter alia*, it may be noted that the quotas for textiles have been increased.

Another bilateral Agreement which may be cited is the Anglo-Irish Agreement. On 25th April 1938, the Governments of the United Kingdom and Eire signed three agreements which came into force as from 19th May, the objects of which are to promote relations of friendship and good understanding between the two countries, to reach a final settlement of all outstanding financial claims of the two Governments against each other, and to facilitate trade and commerce.

Australia also concluded a new bilateral agreement with Japan, on 2nd July 1938, to replace the one made in December 1936 and which expired on 30th June 1938. As in the case of the earlier agreement, the new one institutes a quota for the importation of Japanese cotton and rayon piecegoods into the Commonwealth, and in return Japan undertakes to purchase a minimum quantity of Australian wool.

In connection with the negotiations for a new trade agreement between the United Kingdom and India, a delegation representing the United Kingdom cotton industry left for India on 21st April, at the invitation of the Government of India, to enter into discussions with the Unofficial Advisers to the Indian Trade Delegation with a view to arriving at a basis of agreement which would be satisfactory to the cotton industries of the two countries and which could be submitted for the consideration of the two Governments. The Delegation was headed by Mr. Angus D. Campbell, Vice-President of the Manchester Chamber of Commerce. The Deputation arrived in India on 5th May, and during their stay in this country had discussions with representatives of the Government of India, the Unofficial Advisers to Government and leading business men and industrialists, but no agreement was reported to have been reached even at the end of the year.

Whilst the rest of the nations were entering into agreements of this nature, the three Totalitarian States, Germany, Italy and Japan, reached an agreement for better trade relations on a barter system.

The most important event directly affecting the textile industry of this Province was the publication, in February 1938, of the interim recommendations of the Textile Labour Inquiry Committee regarding the increments to be given to textile workers throughout the Province. Government accepted these recommendations and advised the industry to give effect to them. This was immediately done, but it was made quite clear that the recommendations were accepted for the time being only. As there was good demand for cloth owing mainly to the Sino-Japanese war throughout the year 1937, mills were able to book orders ahead at fairly remunerative rates, and it was anticipated that improved conditions would last for the greater part of 1938. However, these hopes were not fully realised, as will be seen from the following paragraphs.

Cloth and Yarn.—The year began well filled with orders for forward deliveries at fairly remunerative prices. However, while mills manufactured goods against contracts, from the very beginning of the year offtake began to decline gradually, and in consequence of this, stocks began to accumulate in merchants' and mills' godowns. The chief reasons for the decline in offtake were the falling off of the large export trade of 1937, the practical closing of the Egyptian market to India due to the raising of tariff by the Egyptian Government on all imports into their territory, the failures of several substantial parties in up-country markets which shook confidence and restricted credit, and the continued low purchasing power of the agriculturist due to the low prices of his crops.

In spite of poor offtake, prices ruled comparatively steady owing to frequent war scares, and merchants entered into forward contracts in spite of the fact that deliveries from mills were generally heavier than the quantity the purchasers were able to dispose of. By the end of September, this unwarranted steadiness came to an end, and extensions of deliveries were asked for and given in many cases by the mills, but the position continued to grow worse till the end of the year.

At the beginning of the year, the prices of calendered shirtings were 9 annas, of 30s'40s dhoties 14½ annas and of 24s'32s dhoties 12½ annas. With the rise in cotton prices in February, sales were effected on the basis of 9 annas for shirtings and 14¾ annas and 12½ annas for 30s 40s and 24s 32s dhoties. Nominally these prices were maintained till July, but from then on merchants began to offer their purchases at slightly lower rates without much effect on offtake. In the finer yarns trade especially, the effect was very severe, the prices of dhoties declining 3 to 4 annas a pair. Sales at *Moorat* time were fair but at low prices, some mills being reported to have sold 20s/20s shirtings at 8½ annas a lb., and 40s/40s longcloth at 13 to 13½ annas a lb. Towards the close of the year, a large group was reported to have sold 30s'40s dhoties at 12¾ annas and 24s'32s dhoties at 10½ annas, and certain other mills were reported to have sold 30s 40s dhoties at as low as 12 annas a lb.

According to reports, Ahmedabad mills held large stocks, and some of them are said to have effected sales from stocks towards the end of the year at prices 20 to 25 per cent. lower than their previous sales.

The position in the yarn market was also unsatisfactory, and there was a small reduction in the prices every time a new sale was made. 20s yarns

which were selling at 7 annas a lb. at the beginning of the year are reported to have been sold at $5\frac{7}{8}$ annas towards the end of the year. 40s yarns which were sold at about $10\frac{1}{2}$ annas a lb. in the beginning could be sold towards the end only at $8\frac{7}{8}$ to 9 annas a lb., and 32s fell from $9\frac{3}{4}$ annas to 8 annas.

The position of the Bombay industry may be judged from the fact that the total stocks of cloths with mills at the end of the year were more than double those at the beginning, the figures being 129,000 bales and 62,000 bales, respectively. The stocks of yarns were 33,000 and 17,000 bales, also showing approximately 100 per cent. increase. Both sold stocks and unsold stocks show approximately the same percentage increase. The total cloth stocks stand at a higher figure than at any time since the end of September 1936, while yarn stocks are the highest since January 1928.

A survey of the cotton market reveals the following position :

In 1938 the cotton markets opened with Broach April/May 1938 at Rs. $169\frac{1}{2}$; Oomra January 1938 at Rs. 153, March Rs. 153, and May Rs. $153\frac{1}{2}$; Bengal January 1938 Rs. $131\frac{3}{4}$, March Rs. 132 and May Rs. $133\frac{1}{4}$; New York May 1938 at 8.35 cents, and Liverpool May 1938 at 4.79*d*. Cross rate 5.00.

Prices began to rise slowly and steadily to Rs. 178 during the first half of January owing to talks of a reduction in American acreage for the coming crop, the local sentiment also being somewhat bullish, but during the second half of January, prices declined to the point before the rise, owing mainly to delay in the anticipated Farm Legislation for the cotton crop. Although there were rumours of a short American crop, there was the constant danger of a large portion of the huge surplus of loan cotton, over 60 lakhs of bales, coming into the market. Prices fluctuated between Rs. 168 and Rs. 176 during the earlier part of February. The Farm Bill was by this time passed and was supposed to help the growers. Exports of Indian cotton up to now showed a deficit compared with the previous year. The price parity between Indian and Liverpool markets was very narrow and outside demand on a large scale was therefore lacking. Towards the last week of this month, Broach went up to Rs. 181, New York to 9.33 cents and Liverpool to 5.20*d*.

From the beginning of March, our market again began to decline owing to free arrivals of Broach cotton. Broach declined to Rs. 163 towards the end of the month, and New York May also declined to 8.48 cents. There was considerable straddle business at this time, and the local market was also affected by dealings in options. Stocks at Bombay were rapidly increasing, and export demand was not encouraging. The decline continued in April on reports of slight increase in the proposed U.S.A. acreage. There was also a lack of demand for spot cotton. All these factors assisted in bringing down the Broach price to Rs. 156 on 6th April, in spite of steady foreign markets. The price, however, showed signs of recovering from this low level towards the middle of April. The market otherwise remained featureless during the latter part of April, and prices kept steady round about Rs. 163. New crop Broach April/May 1939 opened on 23rd of April

at Rs. 178, at a premium of Rs. 13 over old April/May and Rs. 10 over July/August contracts, which was justified by the absence of demand for Broach cotton.

During the early part of May, prices kept on the low side with no fluctuations of note. There were large tenders against Broach contracts, and the undertone continued dull and discouraging, and prices continued to decline to the end of May. The total bales tendered against Broach contracts amounted to 58,350, and finally this contract closed on 25th May at Rs. 149.

The downward trend continued, and within one week prices fell as low as Rs. 141 for Broach July/August on 31st of May. New York also declined to 7.67 cents for July. This rapid decline was mainly due to Indian long liquidation in New York, showing complete lack of confidence in high prices. New Broach April/May 1939 was now Rs. 14 over July/August. There was a slight recovery of Rs. 5 in prices, but this was soon lost. The trends in Bombay markets influenced to some extent the New York market, as Bombay did a considerable speculative business there. Prices fluctuated within a narrow range during the first half of June, between Rs. 142 and Rs. 145, although New York recovered about 50 points from the bottom. During the latter part of June, there was a slight recovery, Broach advancing to Rs. 153 on the 27th, while in New York a further rapid rise of 60 points was registered. The premium for New Broach April/May 1939 stood at this time at Rs. 20 over July. The prices declined Rs. 5 from this level, but soon recovered. 8,400 bales of Broach were tendered on the very first tender day, i.e., 1st of July. Prices rose to Rs. 159 for Broach July/August on the 9th of July.

The U.S.A. acreage report was published on the 8th at 26,904,000 acres. At this time, a group of holders came out to take up tenders of Broach at this discount under New Broach, which reduced the parity. Lancashire was also a buyer of Indian cotton, mostly from American seed, at this time because of its cheapness in comparison to Americans.

Prices which had declined to Rs. 150 on the 16th of August recovered to Rs. 157, but again went down to the same level as at the beginning of August. The first U.S.A. Government Crop report, published on the 8th of August, estimated the crop at 11,988,000 bales and an average yield per acre of 217.9 lbs. This was a bearish figure, and the price of Broach declined by the middle of August to Rs. 140. Prices remained round about this level till the contract finally closed on 25th August at Rs. 142½. Total bales tendered against this contract were 74,050, about one-third of which were rejected in surveys and appeals, and the remainder was cotton held over by the above-mentioned group. At the close of the contract, New Broach April/May 1939 stood at a premium of about Rs. 12 or at Rs. 153, New York May at 8.25 cents and Liverpool May 4.69d. The loan was announced when Americans reached 8.32 cents as required by one of the clauses of the New Farm Bill, and this was about the average spot price. The markets took the view that this figure of 8.32 cents would be the lowest point and prices would not go below this. Broach consequently advanced to Rs. 162 towards the end of the month. But thereafter prices again declined to Rs. 155 on bearish private U.S.A. crop estimates. The second report was published on the 8th of September indicating a crop of 11,825,000 bales, slightly lower than

that of the previous month. The market had already discounted this figure, and therefore there was not much change either way. Prices remained at about this level but with a lower tendency, and Broach was quoted at Rs. 151, while New York May 7.75 cents and Liverpool May 4.66*d*. New York spot price declined even below loan level to 7.88 cents. Locally the rest of September showed little activity and prices remained stationary, but New York prices sagged again to the previous low level, as Europe was on the brink of a world war at the time. Broach prices, however, did not go below Rs. 150. After the first week of October, prices improved on confidence being regained, Broach touching Rs. 157 and New York May 8.15 cents. On the 8th of October, the third U.S.A. crop report was published, and the crop estimate of 12,212,000 bales brought down prices somewhat. Prices had by this time been almost stabilised, because if they fell under loan level cotton went into the loan, and if over loan level, it went into consumption. Here Broach fluctuated between Rs. 152 and Rs. 156 for the greater part of October. *Divali* cloth sales were made at prices which were disappointing, which indicated there was a poor chance for cotton prices to rise.

The month of November passed without any untoward features, with Broach prices fluctuating between Rs. 153 and Rs. 160. In New York, the new October contract was at a great discount compared to old crop months, and it was surmised that the U.S.A. Administration was thinking of other methods of helping the farmers instead of giving them loans against cotton, since this practice had only served to pile up Government holdings. On the 8th of November, the fourth U.S.A. crop estimate was published and indicated a crop of 12,137,000 bales. This report had practically no effect on the prices.

The very dismal political outlook had shaken confidence all the world over and general revival of trade seemed far distant. In December also, prices only registered narrow fluctuations. The fifth and final crop estimate by the U.S.A. Government showed a crop of 12,008,000 bales. The figures published so far for Indian cotton show a crop expectation of about 4,797,000 bales, 13 per cent. less than last year.

The year closed with Broach April/May 1939 Rs. 163 $\frac{1}{8}$, July/August 1939 Rs. 164 $\frac{5}{8}$; Oomra January 1939 Rs. 149 $\frac{1}{4}$, March 1939 Rs. 148 $\frac{1}{2}$; Bengal January 1939 Rs. 123 $\frac{3}{4}$, March 1939 Rs. 124 $\frac{1}{2}$; New York May 8.23 cents; Liverpool May 4.84*d*.

It will be appreciated that the prices of Indian cotton have ruled so low as to further reduce the purchasing power of the agriculturists, and this reduced purchasing capacity is bound to have an effect on cloth and yarn prices during 1939. Whilst, therefore, the position of the industry in 1938 may be said to have been moderately good, the prospects for the future are, to say the least, very doubtful. With the political situation at the close of the year remaining so serious, it is difficult to make any hopeful prophecy for the future. When most of the leading statesmen of Europe are sitting on a powder magazine and some of them seem determined to light a match now and again with the idea of illuminating the darkness surrounding them, no one can foresee what is in store for this perplexed world.

ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1939.

The annual ballot for the office of the Chairman of the Association was held on the 9th January 1939, and resulted in the election of **Mr. T. V. Baddeley**, Managing Director of Messrs. Forbes, Forbes, Campbell & Co., Ltd., Managing Agents of the Gokak Mills Ltd., and the Simplex Mills Co., Ltd.

ELECTION OF DEPUTY CHAIRMAN OF THE ASSOCIATION FOR 1939.

The ballot for the election of the Deputy Chairman of the Association took place on the 16th January 1939, and resulted in the election of **Mr. Neville N. Wadia**, of Messrs. Nowrosjee Wadia & Sons, Agents of the Bombay Dyeing and Manufacturing Co., Ltd.

ELECTION OF THE COMMITTEE FOR 1939.

The ballot for the election of the Committee was held on the 23rd January 1939, and the following members were duly elected :—

Sir Ness Wadia, K.B.E., C.I.E. ; Sir Chunilal V. Mehta, K.C.S.I. ; Sir H. P. Mody, K.B.E., M.L.A. ; Sir Joseph Kay. Kt. ; Mr. B. D. Benjamin ; Mr. J. C. Burns ; Mr. V. N. Chandavarkar ; Mr. Dharamsey Mulraj Khatau ; Mr. R. L. Ferard ; Mr. Hurgovandas Jamnadas Ramji ; Mr. Krishnaraj M. D. Thackersey ; Mr. A. M. Mehta ; Mr. H. F. Milne ; Mr. Navinchandra Mafatlal ; Mr. A. Pether ; Mr. S. D. Saklatvala, M.L.A. ; Mr. F. Stones, O.B.E., M.L.C. ; and Mr. C. P. Wadia.

BOARD OF TRUSTEES OF THE PORT OF BOMBAY.

ASSOCIATION'S REPRESENTATIVE.

Mr. T. V. Baddeley, the Association's representative on the Board of Trustees of the Port of Bombay, having proceeded on leave towards the end of June, the Committee appointed **Mr. Krishnaraj Madhavji D. Thackersey** to fill the temporary vacancy.

INDIAN CENTRAL COTTON COMMITTEE—TECHNOLOGICAL RESEARCH SUB-COMMITTEE.

ASSOCIATION'S REPRESENTATIVES.

Early in March, in response to an invitation from the Indian Central Cotton Committee, the Committee of the Association re-nominated **Mr. F. Stones** and **Mr. A. D. Walwyn** for co-option as the Association's representatives on the Technological Research Sub-Committee of the Indian Central Cotton Committee for the year 1938-39.

BOARD OF VISITORS TO THE UNIVERSITY DEPARTMENT OF CHEMICAL TECHNOLOGY.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Mr. F. Stones, O.B.E., M.L.C., the Association's representative on the Board of Visitors to the University Department of Chemical Technology, having expired on the 31st January 1938, the Committee were requested to nominate a representative to serve on the Board for the biennium commencing from 1st February 1938. As Mr. Stones was eligible for re-appointment, the Committee nominated him as their representative on the Board for a further period of two years.

BOARD OF MANAGEMENT OF THE NOWROSJEE WADIA MATERNITY HOSPITAL.

ASSOCIATION'S REPRESENTATIVE.

A vacancy having arisen in the Board of Management of the Nowrosjee Wadia Maternity Hospital on account of the demise of Sir Nowroji B. Saklatvala, one of the two representatives appointed by the Association to serve on this Board, the Committee were requested to make a fresh nomination, and Mr. S. D. Saklatvala, M.L.A., was nominated to the vacancy.

BOMBAY EXCISE ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Mr. Neville N. Wadia having expressed his inability to continue to serve on the Bombay Excise Advisory Committee as the representative of the Association, the Committee nominated Mr. B. S. Dabke to fill the vacancy.

BOMBAY SOCIAL HYGIENE COUNCIL.

ASSOCIATION'S REPRESENTATIVE.

At the invitation of the Executive Committee of the Bombay Social Hygiene Council, the Committee of the Association re-appointed Sir H. P. Mody, K.B.E., M.L.A., as the Association's representative on the Council for the ensuing year.

INDUSTRIAL HOUSING SCHEME.

Early in February, in response to an invitation from Government, the Committee nominated Mr. W. Pennington as the Association's representative to a Conference which Government proposed to convene with the object of concerting measures for popularising the Development Department chawls.

ADULT EDUCATION COMMITTEE.

Early in January, on the invitation of the Government of Bombay, the Committee appointed **Mr. B. S. Dabke** to serve on a Committee which Government proposed to appoint with the object of advising them on the question of adult education. The terms of reference to this Committee were :—

1. What should be the place of adult education in the general system of education in a country like India where literacy is very low ?

2. Please state the different types of adult education. What should be the duties of Government in promoting the different types ?

3. How should employers of labour in mills, factories, etc., be required to help Government in promoting literacy among their employees ? Would it be profitable for the management of mills in Bombay, Ahmedabad, Sholapur, etc., and for Railway workshop managements to promote adult education among their employees on the lines followed by the Paper Mills of Mundhwa (Poona) ?

4. Agencies to conduct and supervise adult education. How far should Government avail themselves of the services of the School Boards and their education staffs for adult education ? Should adult education be one of the compulsory duties of School Boards ?

5. Please state whether cheap books and literature for adult schools as well as for “ continuation ” work are already available, and if so, please give a list of such books. If these books are not available, then the Committee should make suggestions as to how they can be provided.

6. Village libraries for adults : their organisation, maintenance and financing.

7. Place of magic-lantern, the cinema and the radio in adult education. How far is it possible to reorganise the present department of visual instruction to enable it to take up the work ?

8. Women's adult education—its nature and organisation.

9. The Committee should make recommendations regarding the basis on which grant-in-aid for adult education should be made.

10. Certificates for literacy attainments.

In pursuance of their terms of reference, the Adult Education Committee subsequently framed two questionnaires, and the general views submitted by the Committee on matters arising out of the inquiry will be found in *Appendix 1*.

LOCAL TECHNICAL RECRUITING COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of February, the Committee appointed **Mr. T. V. Baddeley** to serve as the Association's representative on a Local Technical Recruiting Committee which Government proposed to form with the object of considering the question of recruitment of technical men in the event of mobilisation of the Army, with a view to ensuring that the requirements of the Army could be met without giving rise to competition between various employing agencies.

RAILWAY RATES ADVISORY COMMITTEE.

(See also page 10 of Report for 1937.)

Early in July, the Committee were informed that the expeditious disposal of cases referred to the Railway Rates Advisory Committee for inquiry was frequently prejudiced by the delay in the selection of the commercial member. This, it was pointed out, was due to some of those on the panel for selection, when written to, not being available because they had either left the country or were unable to accept nomination. It was, therefore, suggested that the Railway Board might be advised whenever circumstances arose precluding anyone on the panel from accepting nomination. The Railway Board further proposed to publish the names of gentlemen on the panel for the selection of the commercial member on the 30th July 1938, and inquired whether any changes were necessary in so far as the Association was concerned.

The Committee, in reply, suggested the inclusion of the following names as the Association's representatives on the revised panel :—

- | | |
|---|--|
| (1) Sir H. P. Mody, K.B.E., M.L.A. | C/o Messrs. Tata Sons Ltd.,
24 Bruce Street, Fort, Bombay. |
| (2) Mr. F. Stones, O.B.E., M.L.C. . . | C/o Messrs. E. D. Sassoon & Co.,
Ltd., Dougall Road, Ballard
Estate, Bombay. |
| (3) Mr. S. D. Saklatvala, M.L.A. . . | C/o Messrs. Tata Sons Ltd.
24 Bruce Street, Fort, Bombay. |
| (4) Mr. Krishnaraj M. D. Thackersey | C/o Messrs. Thackersey Mooljee &
Co., Apollo Street, Fort, Bombay. |
| (5) Mr. E. Ellis | C/o Messrs. E. D. Sassoon & Co.,
Ltd., 101 Clive Street, Calcutta. |

At the same time, the Committee indicated that some of the meetings of the Advisory Committee might advantageously be held in Bombay, especially those dealing with complaints relating to rates obtaining in any portion of Western India. (*Appendix 2*)

VISIT OF MR. HAROLD BUTLER.

Mr. Harold Butler, Director, International Labour Organisation, paid a short visit to India in the cold weather of 1937 with the object of establishing closer contact between the International Labour Office and those responsible for social policy and administration in this country. Mr. Butler came to Bombay early in January, and at a meeting specially convened for the purpose, the Committee discussed with him the work of the International Labour Office generally and, in particular, those Conventions which directly affected or were likely to affect the textile industry in India and other eastern countries.

A report on Mr. Butler's Eastern tour has since been published by the International Labour Office.

MEETING WITH MR. M. SLADE, I.C.S.

Towards the middle of October, the General Purposes Sub-Committee of the Association met Mr. M. Slade, I.C.S., Secretary to the Government of India, Department of Commerce, during his brief visit to the City, and informally discussed with him various matters which had formed the subject of correspondence between the Association and Government.

VISIT OF MR. J. F. SHEEHY.

Mr. J. F. Sheehy, I.C.S., Member, Central Board of Revenue, visited Bombay in July, and during his short stay in the City, the special Income-tax Sub-Committee of the Association took the opportunity of meeting him for the purpose of discussing certain matters arising out of the Income-tax Amending Bill.

VISIT OF MR. H. S. MALIK.

Towards the end of March, Mr. H. S. Malik, O.B.E., I.C.S., Indian Government Trade Commissioner for the U.S.A., arrived in Bombay *en route* to New York to take up his new duties as Indian Trade Commissioner. At a meeting specially convened for the purpose, the Committee discussed with Mr. Malik the possibility of developing the trade between India and the United States of America and Canada.

MEMBERSHIP.

The total membership of the Association as at the end of the year 1938 was 105 as against 102 at the beginning. The Seksaria Cotton Mills, Ltd., and the New Pralhad Mills, Ltd., were elected members, while the Modern Mills, Ltd., No. 2 (old Bomanjee Petit Mills) also commenced working during the year.

DOMESTIC AFFAIRS.

The Annual Dinner of the Association was held on Friday, the 18th March 1938, with His Excellency the Governor of Bombay, as the principal Guest of Honour.

Chairmanship.—Mr. T. V. Baddeley, Chairman of the Association for the year 1938, proceeded home on leave for a period of six months from the end of June, and the Committee appointed Mr. Krishnaraj M. D. Thackersey to act as Chairman during the temporary absence of Mr. Baddeley. Mr. Baddeley returned in January 1939, but his inability to take on his duties immediately on his return necessitated an election in accordance with Rule 6 of the Association's Rules and Regulations. A ballot was accordingly held on Friday, the 3rd February 1939, and resulted in the election of Mr. Krishnaraj M. D. Thackersey as Chairman of the Association for the remaining portion of the current year.

Sir Nowroji Saklatvala, K.B.E., C.I.E., one of the most distinguished members of the Committee, died suddenly in August, and at the next meeting of the Committee, the following resolution was unanimously passed :—

“ The Committee, Millowners’ Association, Bombay, place on record the sense of loss sustained by the Bombay cotton mill industry and by the Association by the sad death of Sir Nowroji Saklatvala. The late Sir Nowroji joined the Committee in 1904, became Chairman in 1916, and throughout his long connection with the Association, very ably represented the interests of the Association on various Committees of Inquiry, at Indian and International Congresses and Conferences, and in the Provincial and Central Legislatures. Sir Nowroji was an active member of the Committee, and his business acumen, sound judgment and tact were of inestimable value to the Association in the many problems with which the industry was faced throughout his long and honourable connection with the Association. A man of wide and varied interests and the pioneer of many new Indian industries, Sir Nowroji was greatly respected by his colleagues for his sincerity of purpose and his selfless labours on behalf of India and Indian industries. His death at this juncture is an irreparable loss to the business world and his place will indeed be difficult to fill.”

The hand of death also fell heavily on other members who had rendered valuable services to the Association in various capacities. Sir Phiroze Sethna, Kt., O.B.E., Sir Sorabji Bezoni Mehta, Kt., and Mr. Pransukhlal Mafatlal died during the year under review, and at the succeeding meeting after each of these sad events, the Committee placed on record their appreciation of the valuable work done by the member concerned on behalf of the industry.

The Association, and the Bombay mill industry generally, sustained yet another loss during the year by the sad and untimely death of Mr. C. A. Dalal, who, as the first Labour Officer of the Association, had rendered yeoman service in the direction of improving relations between employers and employees in the industry.

DONATIONS.

At the Annual General Meeting of the members of the Association held on Friday, the 18th March 1938, the following donations were sanctioned and paid out of the Association’s funds :—

The Victoria Jubilee Technical Institute	..	..	..	..	Rs. 1,500
The Police Comforts Fund	..	..	..	..	„ 1,000
The Textile Technical School	..	..	..	..	„ 700
The Sir J. J. Hospital Nursing Association Fund	..	..	..	..	„ 500
The K. E. M. Hospital Poor Box Fund	..	..	..	..	„ 400
The Naigaum Social Service Centre	..	..	..	..	„ 350
The Goculdas Tejpal Hospital Nursing Association Fund	..	..	..	..	„ 200
The Bombay Textile and Engineering Association	..	..	..	..	„ 200
The Maharashtra High School	..	..	..	..	„ 150
					Rs. 5,000

AUDITORS OF THE ASSOCIATION.

At the Annual General Meeting of the members of the Association held on Friday, the 18th March 1938, Messrs. A. F. Ferguson & Co., were appointed as the Association's Auditors for the current year on the usual remuneration.

WORKING OF THE COTTON MILLS OF BOMBAY IN 1937.

In accordance with the usual practice, a combined Balance Sheet and Profit and Loss Account of the Bombay Cotton Mill Industry for the year 1937 was drawn up by the Association and audited by Messrs. A. F. Ferguson & Co. The Statement which covered the returns received from 68 mills disclosed a total loss on the year's working of Rs. 18,40,884 excluding a sum of Rs. 15,06,279 voluntarily given up by Managing Agents. The loss in 1936 for 64 mills amounted to Rs. 70,45,227 excluding a sum of Rs. 18,28,079 voluntarily given up by Managing Agents from their claims for interest, commission and allowance.

PANELS OF ARBITRATORS AND UMPIRES.

Early in the year, in accordance with Rules 3 and 4 of the Association's Rules for Arbitration on Indian Piecegoods and Yarn, the Committee appointed the undermentioned gentlemen to constitute the Panels of Arbitrators and Umpires for the triennium ending 31st December 1940 :

MLLOWNERS' PANEL.

1. Mr. E. M. Solomon.
2. Mr. S. D. Saklatvala, M.L.A.
3. Mr. Bhagwandas Manmohandas Ramji.
4. Mr. Dharamsey Mulraj Khatau.
5. Mr. Hurgovandas Jamnadas Ramji.
6. Mr. Neville N. Wadia.
7. Mr. Pransukhlal Mafatlal.
8. Mr. Pranjiwandas Vussonji.
9. Mr. Krishnaraj M. D. Thackersey.
10. Mr. B. G. Davy.
11. Mr. A. D. Walwyn.
12. Mr. H. F. Milne.
13. Mr. A. M. Mehta.
14. Mr. A. Pether.
15. Mr. T. V. Baddeley.

PIECEGOODS MERCHANTS' PANEL.

1. Mr. Devidas Madhowji Thackersey.
2. Mr. Vithaldas Damodar Govindjee.
3. Mr. Premji Gokaldas.
4. Mr. Harjivan Valji.
5. Mr. Laxman Vaman Apte.
6. Mr. Devjibhai Damodar.
7. Mr. Premjee Virjee.
8. Mr. Gordhandas Vandravandas.
9. Mr. Maganlal Chakubhai.
10. Mr. Gordhandas Gokaldas Morarji.
11. Mr. Bhimji Jethabhai.
12. Mr. Rugnath Lalji Dayal.
13. Mr. Ratansey Champsey.
14. Mr. Jamnadas Mathradas.
15. Mr. Mansukhlal Premjee.

LIST OF UMPIRES.

- | | |
|-------------------------------------|-------------------------------------|
| 1. Mr. Krishnaraj M. D. Thackersey. | 5. Mr. Premjee Virjee. |
| 2. Mr. S. D. Saklatvala, M.L.A. | 6. Mr. T. V. Baddeley. |
| 3. Mr. Devidas Madhowji Thackersey. | 7. Mr. A. Pether. |
| 4. Mr. Hurgovandas Jamnadas Ramji. | 8. Mr. Devjibhai Damodar. |
| | 9. Mr. Vithaldas Damodar Govindjee. |
| | 10. Mr. A. D. Walwyn. |

Mr. Pransukhlal Mafatlal, an Arbitrator on the Millowners' Panel, died in July, and this vacancy was filled by the appointment of Mr. Ramgopal Ganpatrai Ruia.

PIECEGOODS ARBITRATION RULES OF THE ASSOCIATION.

(See also page 5 of Report for 1932.)

The Association's Rules for the conduct of Arbitrations on Piecegoods and Yarn were first framed in 1924 and were last revised in October 1932. According to Rule 9 :

“ When two arbitrators are appointed, they shall, before proceeding with the reference, select from the Panel of Umpires an Umpire, who is willing to act and communicate his name to the Secretary.”

Rule 23 laid down that if an arbitrator or umpire, duly appointed, neglected or refused to act or was otherwise incapable of acting or died, a new arbitrator or umpire should be appointed in accordance with the foregoing Rules.

Early in the year, it was suggested that the wording of Rule 9 might create a difficulty when an umpire had been appointed and it was found later on that he was unable to act or had become incapable of acting, for the arbitrators might at that time have gone on with the reference and actually differed in their award. In such an event, it would not, it was felt, be possible to comply with the provisions of Rule 9 which laid down that the umpire must be appointed before the arbitrators started to adjudicate upon the reference. In these circumstances, it was pointed out that an amendment of the Rules appeared necessary to clarify the position, and it was suggested that when a case of this nature arose, the appointment of a fresh umpire should lie not in the hands of the original arbitrators but in the hands of the Committee of the Association.

On a careful examination of the suggestion, the Committee decided to amend Rule 23 so as to read :

“ If an Arbitrator, duly appointed, neglects or refuses to act or is otherwise incapable of acting or dies, a new Arbitrator shall be appointed in accordance with the foregoing Rules.

If an Umpire, duly appointed, neglects or refuses to act, or is otherwise incapable of acting or dies, the Committee shall proceed to appoint a new Umpire.”

The amended Rule was put into force from the 24th May 1938.

The desirability of the Association accepting references for arbitration from outside parties whose contracts specifically provided for arbitration under the Association's Rules for Arbitration on Indian Mill-made Yarn and Piecegoods, on an application made by one of the parties to the dispute, was also considered by the Committee during the year, and it was decided that Rule 2 be amended as under :—

“These Rules shall apply to any dispute or differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn entered into between members and merchants and between the selling agents of members and merchants and between any other parties which specifically provide for arbitration in accordance with these Rules.”

The new rule was brought into effect from the 2nd August 1938.

ARBITRATION ON DEALERS' TRADE MARKS.

Rule 7 of the Association's Rules for the Registration of Trade Marks reads as under :—

“Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.”

It was pointed out that the rule, as it stood, was incomplete inasmuch as it did not provide any machinery for the settlement of disputes arising from the proposed use of dealers' trade marks by member mills. Objections to the registration of trade marks owned by member mills were dealt with under the arbitration procedure prescribed in the Rules, but this procedure was not applicable to dealers' trade marks. It was, therefore, suggested that the position should be set right by the adoption of a system of arbitration which would deal with objections to the use of dealers' trade marks. The Association's solicitors were consulted in the matter, and certain temporary provisions, designed to afford a limited form of arbitration on dealers' marks were brought into force with effect from 8th November, 1938, for an experimental period of one year ending on 31st March 1940.

Under these rules, the parties to the arbitration would be the member of the Association who objected to the use of a dealer's trade mark on the ground that it was a colourable imitation of his own registered trade mark and the member on whose behalf the dealer's trade mark was circulated ; in other words, the dealer would not be made a party to the arbitration. The finding of the arbitrator or umpire, as the case might be, would not be finally binding on the objecting member, who, if the award went against him, would be at liberty to institute proceedings in a Court of law against the

dealer to restrain him from using the trade mark in question. The parties to the Court proceedings would be the objecting member and the dealer, that is to say, the member, on whose behalf the dealer's trade mark was circulated, would not be cited as one of the defendants. In all matters relating to the appointment of arbitrators, umpire, etc., the procedure hitherto adopted in disputes arising from members' trade marks would be followed. (*Appendix 3.*)

REGISTRATION OF TRADE MARKS.

(See also page 16 of Report for 1936.)

On page 16 of the Association's report for 1936, it was mentioned that the Trade Marks Sub-Committee of the Association had decided that trade marks which differed in size, shape or colour from the trade marks actually registered with the Association should be recirculated for the information of members and that no objections to such recirculated trade marks should ordinarily be entertained except with the previous sanction of the Trade Marks Sub-Committee.

Early in the year under review, the Committee gave the following decision in connection with black and white designs submitted by certain members for registration:—

“That mills submitting outline sketches and blue prints for registration against which no objections are received from members, or against which unsuccessful objections are made, be informed that such registration merely establishes registrability of the device and that it is essential that the actual tickets or stamps finally used should be circulated in accordance with the Trade Marks Sub-Committee's decision communicated to members on 8th October, 1936.

Further, that mills submitting blue prints or outline sketches for registration be informed that unless actual tickets or stamps have been circulated, any objections which they might submit against other tickets might not be accepted.”

(Appendix 4.)

FACE PLAIT AGREEMENT.

(See also pages 22 and 127 of Report for 1936.)

In the Association's report for 1936, mention was made of an agreement signed by certain mills providing for a system of exchange of face plaits between the mills concerned and for the mutual adjustment of individual differences before the face plaits were actually stamped on piecegoods. One of the clauses of the Agreement read as under:—

“This Agreement shall come into force as and from the 1st October 1936 and will remain in force until determined by one or more parties by giving one month's notice of their intention to resile from the Agreement or until the Association introduced a system of registration covering face plaits used by all member mills on all or particular categories of goods.”

Accordingly, early in April, one of the signatories to the Agreement gave notice of his desire to resile from the arrangement. The other parties were consulted, and it transpired that only four out of the eight parties to the arrangement were willing to continue the Agreement. In the circumstances, there appeared little point in continuing the arrangement, and the Face Plait Agreement lapsed on the 6th May 1938.

PROPOSED LEGISLATION FOR THE REGISTRATION OF TRADE MARKS IN INDIA.

(See also pages 15 and 137 of Report for 1937.)

In the last report of the Association, reference was made to the views expressed by the Committee on certain proposals framed by the Government of India for the enactment of legislation for the registration of trade marks in India. It was also indicated that Mr. R. K. Nehru, I.C.S., had been placed on special duty to examine the material collected by Government in connection with the proposed legislation.

The opinions expressed by commercial interests and the Provincial Governments were fully examined by Mr. Nehru whose tentative conclusions were embodied in a draft Bill on which the Committee were invited by the Government of India to express an opinion towards the middle of the year. It was made clear that the provisions of the Bill did not represent the final views of Government or the form which the legislation might ultimately take. The proposals had been set out in that form in order to facilitate consideration of the details of the scheme, and it was pointed out that a final draft of the Bill would be prepared after the views of various commercial interests on these proposals had been ascertained and examined.

Briefly stated, the Bill provided for the maintenance at the Patent Office, Calcutta, under the control of the Controller of Patents, Designs and Trade Marks, who would be termed "the Registrar," of a Register of trade marks with the names and addresses of their proprietors, notifications of assignments and transmissions, the names and addresses and descriptions of all registered users, disclaimers, conditions, limitations and such other relevant matters relating to registered trade marks. It prescribed the essential qualifications of a registered trade mark, permitted registration of trade marks with or without limitations and prohibited the registration of identical or similar trade marks except in certain specified cases. For instance, in the case of honest concurrent use, registration would be permitted of identical marks or marks which nearly resembled each other in respect of similar goods or descriptions of goods by more than one proprietor, subject, of course, to such conditions or limitations, if any, as the tribunal might think fit to impose.

Applications for the registration of trade marks must be made in the prescribed manner to the Registrar, whose decision would be subject to appeal to the High Court of Judicature at Fort Williams, Calcutta, which would be the sole Appellate Authority in matters arising out of the Bill. Provision was made for the advertisement of proposed trade marks in an

official trade marks journal and the receipt of objections from interested parties within the prescribed time limit. If no objections were received or unless the Central Government otherwise directed, the trade mark would be registered as of the date of the application for registration and a certificate in the prescribed form would be issued to the applicant with the seal of the Patent Office. In the event of objections, the Registrar would decide whether, and subject to what conditions or limitations, if any, registration was to be permitted. The decision of the Registrar would, however, be subject to appeal to the High Court, Calcutta. The period of registration would be for ten years, but registration might be renewed from time to time for periods of fifteen years on payment of the prescribed fee.

Registration might be effected of a trade mark as a whole and also separately in parts.

As regards the effect of registration, no action against infringement of an unregistered trade mark would be permitted under the Act unless the trade mark had been continuously in use from a date anterior to the coming into force of the Act and had been refused registration. It was, however, made clear that the new Act would not affect the rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof.

Registration would confer on the registrant an exclusive right to the use of the mark in respect of the goods for use on which it had been registered under the Act. In all legal proceedings relating to a registered trade mark, the fact that a person was registered as the proprietor thereof would be *prima facie* evidence of the authority of the original registration and of subsequent assignments and transmissions thereof; after the lapse of ten years from the date of original registration, the registration would be taken to be valid in all respects unless such original registration was obtained by fraud.

It was also explicitly provided that registration would not entitle the proprietor or a registered user of a registered trade mark to interfere with or restrain the use of an identical or similar trade mark which had been in use by another person before the date of the first user of the registered mark by the proprietor or object to that other mark from being registered in favour of the other person.

The Bill provided for assignments and transmissions of registered trade marks either in connection with the goodwill of a business or not. It also permitted of assignment of unregistered marks to the owner of a registered mark if it was used in the same business or on the same class of goods as the registered mark. No assignment or transmission would be permissible which would have the effect of conferring exclusive rights over identical or similar trade marks in more than one person. An assignment or transmission would not, however, be invalid if the exclusive rights subsisting as a result thereof in the persons concerned were, having regard to the limitations imposed thereon, such as not to be exercisable by two or more of those persons in relation to goods to be sold or otherwise traded in, within British India,

or in relation to goods to be exported to the same market outside British India. Discretionary powers would be vested in the Registrar to refuse to register assignments or transmissions if these would, in his opinion, be contrary to the public interest, but such decisions of the Registrar would be appealable to the High Court, Calcutta.

Marks belonging to a person which were identical with or so nearly resembled each other as to be likely to deceive or cause confusion if used by a person other than the proprietor might be required to be registered as "associated" marks. Such marks could be assigned only as a whole and not separately.

A registered trade mark might be removed from the register on application by an aggrieved party, if it was registered without a *bona fide* intention on the part of the applicant to use it in relation to the goods in respect of which it had been registered, or if there had been no *bona fide* use of the registered mark for a period of five years except owing to special circumstances in the trade. In the case of honest concurrent users of identical or similar registered marks for use on particular classes of goods, it would appear to be open to the Registrar, on the application of one of the registrants, to impose restrictions in regard to the use of one of the registered marks in relation to goods to be sold, or traded in, in any particular place in British India or in relation to goods to be exported to a foreign market if that mark had not been used for a period of five years in relation to such goods.

Provision was made for the defensive registration of a mark registered for use on one class of goods on another class of goods, if the mark in question had become so well established and associated with the person entitled to its use that its application on the second class of goods would be likely to be taken as indicating that the goods emanated from that person.

In addition to the proprietors of registered trade marks, the Bill contemplated registration of persons who were entitled by arrangements with the proprietor to use the registered mark, but no such "registered user" of a mark would have any assignable or transmittable right over the use of the mark.

Provision was also made for the rectification and correction of the trade marks register. A special section was devoted to "certification marks" which were defined as "marks" adapted, in relation to any goods, to distinguish in the course of trade, goods certified by any person in respect of origin, material, mode of manufacture, quality or accuracy or other characteristic from goods not so specified." The rights of owners of such "certification" marks were defined and the conditions and limitations to which they were subject were prescribed in a separate schedule appended to the Bill.

A special section was devoted to cotton trade marks. Provision was made for the establishment in Bombay, of an office, to be known as the Cotton Marks Registry, for the purpose of facilitating the registration of trade marks in respect of cotton goods. The Officer in charge of the Registry

would be styled "Deputy Registrar" and he would act under the direction of the Registrar. Applications for registration of cotton marks might be made either to the Registrar or the Deputy Registrar at the option of the applicant. The Deputy Registrar would furnish the Registrar with a report on every application for the registration of a mark sent to him. The Registrar might, on the other hand, call for a report from the Deputy Registrar where an application had been made to him direct.

The following restrictions were proposed to be imposed on marks intended for application on cotton piecegoods :—

- (a) no mark consisting of a line heading alone would be registrable as a trade mark ;
- (b) a line heading would not be deemed to be adapted to distinguish ;
- (c) the registration of a trade mark would not give any exclusive right to the use of a line heading ; and
- (d) the registration of letters or numerals, or any combination thereof would be subject to such regulations as might be prescribed.

It was laid down that a record, called the Cotton Marks Record, would be kept at the Cotton Marks Registry in Bombay, wherein would be entered copies of all entries in the Register relating to trade marks registered in respect of cotton goods. In common with the general register, this record would be open to the inspection of the public at all convenient times.

Cotton marks in respect of which registration had been refused would be entered in a list, called the List of Refused Cotton Marks, a copy whereof would be kept at the Cotton Marks Registry. To facilitate registration of cotton marks, provision had also been made for the appointment of an Advisory Committee consisting of persons conversed in the usage of the cotton trade. The Registrar or the Deputy Registrar might consult this Advisory Committee where it appeared to him expedient so to do with respect to any circumstances peculiar to the cotton trade arising on an application to register a trade mark in respect of cotton goods.

In a suit under the common law, the plaintiff must prove his title and the validity of his trade marks in every separate case. This was done away with, for when the validity of the registration of registered trade marks had once been decided in favour of the proprietor of the trade mark, the High Court at Calcutta might certify to that effect.

The section dealing with penalties under the Act laid down that a person responsible for falsification of entries in the register would be liable on conviction to imprisonment of either description for a term extending to two years or with fine or with both. A person falsely representing a trade mark as registered would, on conviction, be liable to imprisonment of either description for a term extending to six months or with fine or with both. Any person who used, without due authority, the Royal Arms or similar

symbols or titles in connection with his trade, business, calling or profession might be restrained by injunction from continuing to use them. Where two or more persons were interested in a trade mark, it might be registered in the names of those persons as joint proprietors.

Finally, provision was also made for the purpose of enabling India to enter into reciprocal arrangements with the United Kingdom, the Dominions, Indian States and foreign countries for the mutual protection of registered (or unregistered) trade marks.

The draft Bill was carefully examined by the Committee in conjunction with the Trade Marks Sub-Committee and the solicitors to the Association in the light of the general views expressed by them about a year ago in regard to the introduction of trade mark legislation in India. In the opinion of the Committee, the introduction of a Trade Marks Act in India raised two distinct problems. The first, and probably the more complex problem, was how to deal with existing marks, and the second how to deal with new marks. It appeared to the Committee that the Bill as framed by Mr. Nehru, dealt elaborately with the second problem, but did not provide a sufficiently simple or expeditious procedure for dealing with the first and more important problem as far as the cotton mill industry of the country was concerned.

The Committee had already indicated that they would welcome the introduction of trade mark legislation provided adequate arrangements were made in regard to the existing marks and had urged :

- (a) that all trade marks habitually used for more than five years and registered with the Association should be automatically transferred to the Governmental Register on payment of a nominal fee and that no objections against them should be entertained. It was further added that the Association would have no objection to the entry into the Governmental Register of any trade marks owned by non-members which it could be proved had been regularly used in India for more than five years ; and
- (b) that in regard to trade marks registered with the Association during the last five years, they should be entered in a "Provisional Register" on payment of a nominal fee, but that these trade marks should be open to objection from non-members owning exactly similar marks, which had been regularly used in India on cotton goods of the same description from an earlier date. In regard to these marks, it was further suggested that registration and transfer to the Permanent Register should be automatic if no objections were received and/or proceedings instituted within a period of, say, three months.

These suggestions had not been accepted by Mr. Nehru on the ground that it might have the effect of bringing on to the register marks which would not in all cases be distinctive and that an element of diversity would thus be introduced into the scheme owing to some marks being examined for their inherent and acquired distinction and others being registered without such

examination. Mr. Nehru also thought that the difficulties of the registering authority would be greatly increased as evidence in regard to the length of use would have to be taken in every case. It was true that the acceptance of the Association's proposals in the case of existing cotton marks would permit the entry in the trade marks Register of a number of marks not possessing the element of inherent distinctiveness, but this position would, the Committee felt, only arise in the case of marks which had already been in active use by the mills concerned for more than five years without giving rise to difficulties. Honest concurrent user of the same or similar marks had been recognised in the Bill as a problem to be dealt with, and Clause 9 (2) specifically provided for registration under the Act of trade marks which were identical with or resembled each other in respect of the same goods by more than one party, although such registration might be subject to such conditions and limitations as the Registrar or Court might deem fit to impose. In the circumstances, the demand for the transfer to the Register of marks which had been used concurrently by the mills in India habitually for more than five years, even though they might perhaps be similar to marks used habitually by other mills for a similar period was, therefore, nothing more than a reasonable extension of the principle already accepted in the clause to which reference had been made. Moreover, the Committee had already expressed their willingness to accord a similar right to non-member mills by agreeing to the entry in the Governmental Register of any of their trade marks which could be proved to have been regularly used in India for more than five years.

The Committee contended that it would be extremely difficult for the owner of a trade mark to succeed in a passing off action if the mark which was alleged to be an infringement had been used regularly by the other party over a period of five years. If, therefore, it was almost impossible at the present time to succeed in a passing off action when the offending trade mark had been regularly used, then they failed to see why the registration of such marks should not be facilitated. The removal of the problem of existing marks must, in the opinion of the Committee, be achieved before the smooth working of the new legislation could be assured, and in so far as cotton marks were concerned, it was thought that the original proposition put forward by the Association offered by far the best means of dealing with the matter. If, in spite of the arguments advanced, Government considered it undesirable to accept the Association's original suggestions for dealing with the problem of existing marks, then the Committee maintained that it was essential that the powers of the Advisory Committee which had been suggested in Clause 38 of the Bill should be extended and that this Committee should be constituted in advance of the actual introduction of legislation and should immediately take in hand a preliminary investigation regarding the existing cotton marks and that the Association's Trade Mark Register should be accepted as *prima facie* evidence in respect of the marks used by member mills. It was pointed out that members of the Association controlled more than 50 per cent. of the spindles and looms in British India and that the Association had for the last nearly fifty years been registering trade marks on their behalf. The procedure followed closely resembled that suggested by Mr. Nehru in his Bill except that the actual tickets and marks to be used were circulated prior to actual registration. During these fifty years, the Association had acquired very wide experience of the problems and difficulties

incidental to the registration of cotton marks, and the Committee hoped that if an Advisory Committee with the wider powers indicated above was appointed by the Government of India, the Association would be given adequate representation upon it.

As regards the general structure of the Bill, the Committee were inclined to agree that a voluntary system of registration was preferable to a compulsory system. After a very close and unbiassed consideration of the proposals made in the Bill, they came to the following conclusions :—

The Register.—The Committee agreed that as far as “ general ” trade marks were concerned, there should be only one main office of registration, but they considered it desirable that copies of the Register should be maintained in the chief provincial towns in order to facilitate inspection, without undue inconvenience and expense, by parties concerned. It was true that the Bill provided for the establishment of a *Trade Marks Journal* in which applications for registration of trade marks, etc., would be advertised. At the same time, it was probable that many merchants and manufacturers would not become subscribers to this *Journal* and that, in any event, it would only reproduce applications for registration in black and white. The experience of the Association had been that it would not always be possible to decide whether a trade mark was or was likely to become a colourable imitation of another mark unless the mark was seen in the actual size, shape and colour in which it was or was proposed to be used. It was felt that the additional expense involved in the provision of such duplicate registers would be more than justified by the additional convenience conferred on the general public. Another argument in favour of the proposal was that duplication would ensure more adequate protection against destruction of records by fire, etc.

The Bill provided for the inauguration of a Sub-Register for cotton marks in Bombay. The Committee were very strongly of the opinion that there was ample justification, from whatever aspect the problem was viewed, for separating textile marks from other marks. As Mr. Nehru himself admitted, the registration of these marks presented special difficulties and problems, and they were, in addition, extremely numerous owing to India being the largest consumer of cotton goods in the world and owing to the fact that the textile industry was India's greatest and oldest established industry. In addition to the textile marks used by manufacturers in India and abroad, a very large number of dealers' marks were also used by the trade. Taking these broad facts into consideration, the Committee felt that the volume of work incidental to the registration of the enormous number of textile marks in daily use justified the introduction of a separate register for textile marks with a separate controlling authority. In other words, what the Committee desired was a separation of textile marks from other marks with an independent register and an independent registering authority.

Location of Registers. It was stated by Mr. Nehru in his notes on the Bill: “ In the United Kingdom as well as in several other countries, the trade marks law is administered at the Patent Office,” and he suggested that the same arrangements should be followed in India as the Patent Office in

Calcutta had a staff of experts whose services could be utilised in administering the scheme. Mr. Nehru further suggested that, as Calcutta was the most important centre of the piecegoods import trade, applications for the registration of cotton marks should be receivable at the Patent Office as well as at the office of the Deputy Registry of cotton marks in Bombay. The Committee were unable to agree that adequate justification existed for locating the Register at Calcutta or for placing it under the Controller of Patents and Designs. In their opinion, Calcutta would possibly have been the most appropriate centre for the location of the Register for general marks if it were a fact that the total trade of that city greatly exceeded that of any other place in India. This, however, was not the case, for the sea-borne trade figures for 1937-38 showed that imports into Calcutta amounted to Rs. 51.6 crores, while the figures of Bombay amounted to Rs. 71.37 crores. As regards the internal trade, the Committee felt that, taking into consideration the classes of products on which trade marks were most commonly used, Bombay must be held to be a more suitable centre for the location of the Register than Calcutta, and in the case of piecegoods, the claims of Bombay were overwhelmingly strong not only because the bulk of the indigenous textile industry was located in the Province of Bombay, but also by reason of the fact that the piecegoods import trade of Bombay and Karachi taken together very greatly exceeded that of the eastern port. If the convenience of the general public and importers was studied, it was felt that it could legitimately be said that Calcutta certainly offered no advantages over Bombay as a centre for the receipt of trade mark applications except that it happened to be the home of the Patents and Designs Office at the present moment.

The Committee did not think that there was very much weight in Mr. Nehru's argument that the staff of the Patents and Designs Office had knowledge in regard to trade mark registration since up to the present they had had no experience of that particular class of work. They maintained that the Patent Office would be unable to cope effectively and expeditiously with the very great number of applications for registration that would undoubtedly be received on the introduction of the Act. It was expected that from Bombay alone several thousands of applications would be received for cotton marks, exclusive of applications for the registration of letter number combinations of which more than a hundred thousand were in use by members of the Association and had been registered with the Association. In these circumstances, the Committee held it to be desirable that the Register of trade marks should be separated from the Register of Patents and Designs and that a separate office should be established, and that this office should be located in Bombay in preference to Calcutta.

Controlling Authority.—It was suggested in the Bill that the Register should be in charge of the Controller of Patents and Designs. For the reasons advanced in the preceding paragraphs, the Committee were opposed to this suggestion, and they were emphatically of the opinion that the volume of work during the first few years of the new legislation would be great enough to justify the appointment of a special officer whose whole time would be devoted to the administration of the Act. It was true that the Controller of Patents and Designs had certain special qualifications which would be of assistance if the administration of the new measure were placed in his charge,

but the Committee felt that it would be preferable to place the responsibility for the administration of the Act in the hands of a person with special legal qualifications and with special knowledge of trade mark disputes, or a person who had made a deep study of trade mark legislation generally.

Appellate Authority.—The Bill provided for a sole Appellate Authority, namely, the High Court of Judicature at Fort Williams. The Committee were inclined to agree that there should be one final Appellate Authority for general trade marks and a final appellate authority for cotton marks and that these should be the High Courts of the Province or Provinces in which the registers for general marks and cotton marks, respectively, were located. If the Government of India agreed with the case put forward by the Association for the location of the main and textile marks registry in Bombay in preference to Calcutta, the final appellate authority would thus be the Bombay High Court.

It had been indicated that, in the first few years of the life of the Bill, a very great number of applications for registration were likely to be received, and this would necessarily mean a very large volume of reference to the appellate authority or authorities. In order to prevent congestion and delay and to prevent unnecessary expense, the Committee suggested the advisability of instituting an "Interim Appellate Authority" between the Registrar and the High Court, the final Court of Appeal. In the United Kingdom, an appeal from the Registrar lay to the Board of Trade, but Mr. Nehru had put forward substantial reasons why a similar procedure should not be followed in India. Experience had shown that it took anything from one to four years to settle a trade mark dispute in the High Court, and the Committee felt that unless an interim Court of Appeal was established, it would be many years before the problem of registration of cotton marks could be disposed of, owing to the numerous appeals which were likely to be made against the decisions of the Registrar. Most of the cases likely to arise would, in the opinion of the Committee, turn on the question whether a mark was a colourable imitation of another and the difficulties would be increased when the question of phonetic deception arose. For adjudication of such questions, purely legal training was not enough, and a judge would, in any case, have to rely on experts with special knowledge of the particular trade concerned and the commercial practice obtaining in the trade. It seemed, therefore, desirable that an interim Court of Appeal composed of experts presided over by a competent law officer should be appointed whose sole task should be to hear appeals from the Registrar. The Committee felt that such a Court need not be a permanent institution, and that once the question of existing marks had been disposed of, it might be abolished. A further advantage of the appointment of such a Court would be that it could move about the country for the purpose of hearing appeals in the centres most convenient for the parties concerned. The need for an interim Court of Appeal of the character suggested above was all the greater when one took into consideration the fact that the Bill provided that, in proceedings before the Registrar, evidence should be given by statutory declaration in the absence of directions to the contrary. In the opinion of the Committee, statutory declarations might be of some utility where the point to be decided was merely whether a trade mark had or had not been in use from a certain date,

but it was felt that statutory declarations would be a most unsatisfactory means of deciding the question of whether one mark was a colourable imitation of another. Taking into consideration the enormous number of trade marks already in use, it was expected that a large number of applications for registration would be made for trade marks in which the degree of resemblance to other marks would be so close that it would be quite easy to get evidence on either side as to resemblance or non-resemblance ; in this event, the value of statutory declarations would be negligible, and the decision would rest with the appellate authority. In these circumstances, it was urged that the appellate authority should advisably contain an expert or experts with special knowledge of trade and commercial practices. A necessary preliminary to the appointment of a Court of the character suggested above would be the maintenance of duplicates of the Trade Marks Registers at the chief provincial towns as proposed above. A court of the nature described, if satisfactorily constituted, would, it was thought, greatly reduce the number of references to the High Court, and the Committee hoped that the Government of India would favourably consider the proposal.

Clause 58 of the Bill had been devised with the object of enabling India to enter into reciprocal agreements with the United Kingdom, the Dominions, Indian States and foreign countries for the mutual protection of registered or unregistered trade marks, but the clause, as worded, appeared to give British registered marks an unfair priority over Indian marks and seemed to presuppose the existence of a fairly complete Register of marks at present in use in this country. The Committee were opposed to reciprocal arrangements of the character suggested in the clause being entered into until the problem of existing marks had been settled. This was likely to take a number of years, say, ten years, but at the end of that time, it was felt that a section might be introduced in the Indian Act for the purpose of facilitating reciprocal arrangements with other countries. In the meantime, the Committee desired that Clause 58 should be deleted from the Bill.

As regards the general structure of the Bill, therefore, the Committee held :—

- (a) That there should be two registers :—
 - (i) A register for general marks, and
 - (ii) A separate register for “ textile marks.”
- (b) That taking all factors into consideration, Bombay was to be preferred to Calcutta as the location for the register for general marks, and that there was an overwhelming case for the location of the main register for textile marks in Bombay.
- (c) That the control of the general register and the textile marks register should be vested in expert officers independent of the Controller of Patents and Designs, Calcutta.
- (d) That it would be advisable to establish an interim Court of Appeal between the Registrar and the High Court, and

- (e) That one final appellate authority was preferable for general marks and that this authority should be the High Court of the Province in which the register was located, and that in the case of textile marks, the appellate authority should, in any event, be the High Court of Judicature, Bombay.

Classification of Trade Marks. Clause 4 of the Bill laid down that a trade mark must be registered in respect of particular goods or classes of goods. In his notes on this clause, Mr. Nehru indicated that "the Goschen Committee has recommended the adoption of the International scheme in the United Kingdom and that it seems likely that most other countries will follow the same classification." He went on to point out the superiority of the International scheme over the English system and stated that in India conditions were slightly different and that it seemed necessary that cotton yarns and threads and cotton tissues, bed and table covers and unspecified manufactures should continue for the present to be separately classified, the Central Government being empowered to change the classification at any time and authorise the Registrar to amend the Register accordingly.

Commenting on Clause 38 (2) of the Bill, Mr. Nehru stated that the classes must consist of or relate materially to cotton yarn, cotton piecegoods and other cotton manufactures excluding clothing. He added that this restriction was based on the provisions of the British Act of 1905, but that in the Amendment Act, the scheme had been extended to cover all textile marks in view of the close inter-relation which had come about in recent years between the various branches of the British textile industry. Mr. Nehru then stated that "as in India the cotton industry is still organised on independent lines, the provisions of this section will not apply to all textile marks, but will be confined to marks used in relation to cotton goods." The Committee did not consider that an adequate case had been made by Mr. Nehru for setting aside the International classification in so far as textile manufactures were concerned. The International classification had obvious advantages and there appeared to be no reason why India should not adopt it at the very commencement, since, if reciprocal agreements were made with foreign countries, the classification to be enforced would probably be that of the International Union for the Protection of Industrial Property. It was felt that the classifications suggested by Mr. Nehru would create very considerable difficulties so far as textile marks were concerned, and that the trade could not contemplate with equanimity a scheme which differentiated between cotton goods and goods made from art silk, staple fibre, linen, artificial wool or combinations of cotton and any of these materials. Even in the case of jute, there was a growing number of fabrics which closely resembled cotton goods in appearance. The Committee therefore suggested that the International classification should be adopted from the outset as far as textiles were concerned. Mr. Nehru had stated that the Indian cotton industry was still organised on independent lines, but this was hardly correct and certainly no more correct than it would be if the statement was applied to the cotton industry in the United Kingdom. A very large variety of goods wholly or mainly composed of art silk was already being produced in Indian mills and the use of staple fibre, wool, silk and other fibres in combination with cotton was also fairly common. The Committee did not consider that any hardship

would be imposed on the jute, silk or woollen industry of India by adopting the International classification and converting the cotton marks registry into a registry of textile marks, and they held that it would undoubtedly be an advantage to adopt the International classification from the start rather than wait for complications to develop by adopting special classifications for each textile raw material and for combinations of different textile materials.

The Committee made it clear that the above remarks were intended to apply to the classifications which it would be advisable to adopt in the case of trade marks eligible under Clause 5 of the Bill, but that if registration of letters, numerals or combinations thereof was to be permitted, it would be necessary to adopt a much more detailed classification.

Power of Registrar to restrict use of Trade Marks.—In several places in the Bill and particularly in Clauses 9 and 27, the Registrar was given the power to impose certain limitations in regard to the use of a registered mark. While the Committee had no objection to the Registrar being given the power to impose limitations in regard to the types of goods on which a mark might be used, they were very strongly opposed to the Registrar being empowered to restrict the use of a trade mark to any particular portion of British India, and they held that registration of a mark should permit the use of that mark in any part of the country. A trade mark might have been used in a particular part of the country at a particular time, but it would create enormous difficulties if the Registrar was to be placed in a position which would permit him to register a trade mark similar to one already in use in an adjacent territory.

It was, of course, quite conceivable that the owners of two marks might themselves agree to restrict the use of those marks to particular areas, but the Committee held that any such restriction should be a matter for arrangement between the parties directly concerned and should not be left to the discretion of the Registrar.

Registration Fees.—In the Association's previous representation, it had been suggested that the charges for registration should be fixed as low as possible and that they should not, in any event, exceed what was necessary to make the scheme self-supporting. The fees which the Committee suggested were :—

With application	..	..	..	..	..	..	Rs. 25
For certificates of registration	..	..	..	..	..	..	Rs. 15
For renewals of registration, alterations, assignments, transmissions of registered user, etc.	..	..	..	..	..	..	Rs. 15

At the same time, it was indicated that if regulations were introduced for the registration of letters or numerals, special arrangements would have to be made in regard to the fees payable for application, registration certificate, renewals, etc., owing to the very large number of registrations which might be expected. The Millowners' Association, Bombay, charged annas 4 for the registration of trade numbers and Rs. 2 for the registration of trade names, and the Committee suggested that these figures should not be greatly exceeded.

The Committee realised that the suggestions made by them would involve drastic amendments in certain substantive clauses of the Bill, and in view of the complexity of the subject, the difficulties inherent in legislation of this character and the very many administrative problems likely to arise from it, they strongly pressed the need for Government convening at an early date a joint conference between Mr. Nehru and industrial and commercial interests for the purpose of settling the outstanding issues.

Government indicated, in reply, that, after receipt of the opinions of the interests addressed on the subject, they would consider whether a conference of representatives of the Chambers of Commerce and other interested bodies could not usefully be convened in order to discuss any difficulties and doubts which might have appeared in the course of the examination of the draft legislation.

The matter was discussed informally with Mr. M. Slade, I.C.S., Secretary to the Government of India, Department of Commerce, towards the middle of October, and the Committee were assured that Government were alive to the importance of protecting Indian cotton marks, and that the case put forward by the Association would receive the fullest consideration. It would appear that the Bill which had been circulated was merely a draft framed by Mr. Nehru for the purpose of focussing discussion on matters of substance and that the final Bill might differ from it in material respects. It also transpired that Government had not yet come to a definite decision regarding the conference suggested by the Committee.

The detailed criticisms of the Committee on the various proposals embodied in the draft Bill will be found reproduced in *Appendix 5*.

PROPOSED REVISION OF THE INDIAN MERCHANDISE MARKS ACT, 1889.

(See also pages 21 and 150 of Report for 1937.)

In the last annual report of the Association, reference was made to the views expressed by the Committee on certain proposals for the revision of the Indian Merchandise Marks Law. It would appear that the opinions expressed on these proposals by commercial interests and the Provincial Governments were carefully examined by Mr. R. K. Nehru, I.C.S., who was specially appointed by the Government of India for this purpose, and certain tentative conclusions reached by him were embodied in a report and a draft Bill. Towards the end of July, the Government of Bombay requested the Committee to express an opinion on the provisions of the draft Bill. It was indicated that the draft Bill did not represent the final views of Government or the form which the legislation might ultimately take, but that the proposals had been set out in that form in order to facilitate their further consideration. It was also indicated that a final draft of the Bill would be prepared after the views of the various interests on the draft Bill and the Report had been ascertained and considered by the Government of India.

The provisions of the Bill were carefully examined by the Committee, and their criticisms on the more important clauses embodied therein are summarised below :—

Clause 2.—This clause sought to bring within the scope of Section 478 of the Indian Penal Code, trade marks registered in the United Kingdom and trade marks which, either with or without registration, were protected by law in any British possession or foreign State to which the provisions of Section 58 of the Indian Trade Marks Act were applicable. The proposed amendment of Section 478 of the Indian Penal Code very much depended upon whether India was at present prepared to enter into any reciprocal arrangement with the United Kingdom or other foreign countries for the protection of trade marks. In their representation on the Trade Marks Bill, the Committee made the following observations in regard to Clause 58 :—

“ My Committee would prefer this clause to be deleted for the present. They feel that the clause as drafted pre-supposes the existence of a trade marks register in India, but none actually exists. After the lapse of, say, ten years, when the position in regard to existing trade marks has been straightened out, some such clause might be inserted in the statute.”

This view had apparently been endorsed by a number of industrial and commercial organisations in the country who were consulted on the Bill, and it appeared very doubtful whether Clause 58 of the Trade Marks Bill, as it stood, would be passed into law. In the circumstances, the Committee reserved their criticism of Clause 2 of the Bill till Clause 58 of the Trade Marks Bill had been disposed of by the Central Legislature. In any event, if it was decided to delete Clause 58 from the Trade Marks Bill, then it was felt that it would be necessary to bring only trade marks registered in India within the scope of Section 478 of the Indian Penal Code. Trade marks not so registered but used in India, irrespective of their country of origin, would continue to be protected under the proposed Section 4 (1), and the penalty for infringement of these marks had been laid down in Section 6 of the Merchandise Marks Act.

Clause 3 (1) sought to extend the scope of Section 4 (1) of the Indian Merchandise Marks Act to “ trade marks not registered under the Indian Trade Marks Act or the United Kingdom Trade Marks Act of 1905 as amended.” The Committee had already pointed out that Section 478 (*vide* Clause 2) should cover only trade marks registered in India under the Indian Trade Marks Act, and it was, therefore, logical that Section 4 (1) of the Merchandise Marks Act should cover trade marks used in India but not registered in India, irrespective of their country of origin.

Clause 6.—This clause proposed to empower Government, by notification in the *Gazette*, to require the country of origin to be stamped on particular classes of goods imported into British India. It also sought to empower Government to prescribe the form of the indication which should be applied to the goods ; the manner in which the indication should be so applied ; the time at or occasion on which the indication should be applied, and in particular whether it should be applied at importation only or also on sale of goods, whether by wholesale or retail, in British India. It was further proposed that any notification issued by Government should come into force only on the expiry of three months from the date of the notification.

No notification would be issued by Government unless an application had been presented "by a person or association substantially interested" in the manufacture or production of similar goods in British India.

The Committee, while agreeing with the principle underlying these amendments, pointed out that :

(1) Cotton, silk, artificial silk, woollen and staple fibre goods imported into India from the commencement of the Act should bear an indication as to the country of origin on the goods themselves in the case of piecegoods, or on the packages in which they were made up for retail sale in the case of yarn. In other words, a notification to this effect should be issued by Government as contemplated in proposed Section 12-A (1) without observing the formalities laid down in proposed Section 12-A (2) and 12-A (3).

(2) The object underlying the requirement regarding the stamping of the country of origin was to prevent goods of foreign origin being passed off as Indian, and this could not, it was thought, be effectively achieved if it was not possible to secure relief the moment an Indian manufacturer or Government detected that imported goods with no indication of their country of origin were being sold as Indian. It was conceivable that even when such detection had taken place, large quantities of imported goods might have already been landed in this country and gone into consumption ; and in these circumstances, the Committee felt that further delay in getting relief might result in serious loss to the indigenous industry before any notification issued. It was, therefore, suggested that Government should in exceptional cases be empowered to complete the formalities connected with the issue of the notification as expeditiously as possible or to waive them if, in their opinion, it was desirable to do so.

Clause 7 of the Bill sought to amend Section 18 (f) (i) and (ii) of the Sea Customs Act. The net effect of the amendment would be that the importation of piecegoods such as were sold by length or by the piece into British India would be illegal unless (i) the real length and width of the piece, and (ii) the name of the manufacturer or wholesale purchaser in India of the piece were stamped on each piece. The only comment which the Committee made on this clause, which concerned importers, was that the requirement regarding the stamping of width might lead to practical difficulties. The Committee held that *Clause 9*, which required the stamping of similar particulars on piecegoods manufactured in British Indian mills, required amendment in one or two respects. This clause required the following particulars to be stamped on piecegoods such as were sold by length or by the piece manufactured in British Indian mills :

(i) real length of the piece in yards and inches ;

(ii) real width of the piece in inches ; and

(iii) the name of the manufacturer or wholesale purchaser of the piece in India " at reasonable lengths " on each piece.

Section 12 of the Indian Merchandise Marks Act at present required only the stamping of the length in yards and inches, and the amendment sought to compel the stamping of width and the name of the manufacturer or wholesale purchaser of the piece in India on each piece. The Committee strongly felt that the stamping of width should not be insisted upon for the reason that it would create several difficulties of a practical character. In many types of goods, the width varied considerably in the same piece. It was true that tolerances had been provided in the Manual, but in order to be within these tolerances, every piece of cloth manufactured would have to be measured at intervals in the piece and stamping would have to be done not only in inches but in fractions of an inch. Another point to be remembered was that it was only the retailer who needed to be protected in regard to width, the wholesale merchant being covered by his contract of purchase, and the retailer was at the time of making the purchase fully able to protect himself by actually measuring the width of the cloth to ascertain whether it suited his requirements.

As regards the stamping of the name of the manufacturer or wholesale purchaser in India on the piece, the Committee had no objection to the proposal, but they were by no means clear as to what was meant by the term "at reasonable lengths" on each piece. If it was intended that the name of the manufacturer should be stamped at reasonable intervals on the piece, then the Committee were strongly opposed to it for the following reasons :—

- (a) such stamping might damage the appearance of the piece resulting in a deterioration of its value ;
- (b) it would certainly increase the folding and stamping charges ; and
- (c) it would necessitate considerable expenditure in the installation of automatic stamping machinery.

The Committee failed to see the advantages which would accrue from the stamping of the name of the manufacturer at fixed intervals on the piece. Although it was well known that the name of the manufacturer was stamped on the selvedge in the case of certain highly finished goods, this procedure was adopted to prevent substitution in the retail trade. It was felt that it would be an unwarranted imposition to insist on such stamping on all goods owing to the expense and practical difficulties involved. In the circumstances, the Committee held that it would be sufficient if the name of the manufacturer or wholesale purchaser in India were stamped on the face plait only. In the case of piecegoods made up in paper wrappers, however, it was felt that the name of the manufacturer or wholesale purchaser of the piece should be stamped on the wrapper as well as on the piece.

The application of Section 18 of the Sea Customs Act and Section 12 of the Indian Merchandise Marks Act had been limited to piecegoods "such as are ordinarily sold by length or by the piece", and Notification No. 1430, dated the 6th April 1891, as subsequently amended, gave a precise indication as to what types of fabrics would come within the scope of the expression

“piecegoods.” The notification referred to also set forth the names of fabrics which would not be deemed to be piecegoods for purposes of Section 12 of the Merchandise Marks Act or Section 18 of the Sea Customs Act. In the opinion of the Committee, this list appeared to be out of date and should be carefully revised as it contained items which should be treated as piecegoods and stamped as laid down in Section 12 of the Merchandise Marks Act or Section 18 of the Sea Customs Act.

Clause 8 sought to amend Section 18 of the Sea Customs Act and prohibited the importation of cotton yarn such as was ordinarily sold in bundles which had not been conspicuously marked with an indication as to the weight of each bundle and the count of yarn contained in the bundle. The Committee had no observations to make on this section as it concerned importers, but they pointed out that the name of the manufacturer or wholesale distributor in India should be stamped on the bundle as in the case of cotton piecegoods. The application of the requirement regarding stamping of weight and count on all classes of yarn, irrespective of whether they were grey, bleached or coloured would, in the opinion of the Committee, give rise to certain practical difficulties as explained below.

Clause 9 (2). Proposed Section 12 (2) laid down that in future cotton yarn such as was ordinarily sold in bundles should not be removed from mill premises in British India without being conspicuously marked with an indication as to the weight of each bundle and the count of yarn contained in the bundle. The Committee felt that this clause should be amended so as to provide for the name of the manufacturer or wholesale purchaser in India to be stamped on the bundle. A reciprocal provision had been suggested in the case of imported yarns.

The requirements laid down in the section regarding the marking of the weight and count were, in the opinion of the Committee, very vague. It was, for instance, not clear whether the weight to be stamped on the bundle related to the net weight of yarn in the bundle or the gross weight of the bundle. The clause, as it stood, also failed to take into consideration and provide for the actual practice obtaining in the yarn trade. In this connection, attention was drawn to certain suggestions made by the Committee earlier in the year. Briefly stated, it had been urged that :

- (a) count of yarn and net (grey) weight of yarn in the bundle should be stamped on *grey and bleached yarn bundles* only, other than yarns made wholly from waste marketed in India ;
- (b) a trade description of count applied to a bundle of dyed cotton yarn is at present accepted as indicating length only. This practice should continue and it should not be necessary for the weight of bundle to be stamped on dyed cotton yarn bundles ;
- (c) the marking of *grey* count should be made compulsory on bleached yarn bundles with a 10 per cent. tolerance between the stamped grey count and the real count of yarn in the bleached state ; and
- (d) similarly, the weight of yarn stamped on a bleached yarn bundle should be the grey weight of the yarn contained in the bundle.

The Committee also pointed out that the existing scales of tolerances were inadequate, but as this was a matter to be provided for in the Manual rather than in the Act, no detailed reference was made to the precise suggestions put forward by the Committee. At the same time, it was made clear that the Committee's approval of Government's proposals for compulsory stamping of weight, count, etc., were subject to Government's acceptance of the case put forward by the Association for appropriate tolerances, etc.

Taking the Bill as a whole, the Committee found that there were two or three matters for which no adequate provision had been made. The first point arose from the proposed requirement regarding the stamping of the country of origin on imported goods. The Committee felt that it should be laid down in the Act that any attempt to tamper with or deface a stamping made in accordance with the notification issued under Section 12A (1) or with a stamping made in accordance with Section 12 or Section 18 (f) would be a criminal offence, and that proper penalties should be prescribed therefor.

The Committee also considered it extremely desirable that the provisions of the amending Act should be made applicable to Indian States to ensure that the requirements regarding the stamping of the length of the piece, name of the manufacturer, etc., were also observed by factories situated in the States. The requirements regarding the stamping of the country of origin should, in the opinion of the Committee, also be made applicable to goods imported into an Indian State in order to prevent such goods being subsequently stamped and sold in British India as "Made in State." It was felt that it should not be difficult to persuade the States to fall into line in these matters if they were reminded of the fact that no goods could be brought into British India, by land or sea, unless the particulars required by Section 18 (f) were stamped on the goods, which might result in goods produced in the State and not stamped as required in the Bill being refused entry into British India.

It is understood that the views expressed by the Association and by other bodies on the draft Bill are being considered by the Government of India. (*Appendix 6.*)

FRAUDULENT TRADE DESCRIPTIONS ON YARN BUNDLES.

(*See also pages 66 and 245 of Report for 1931.*)

The Committee of the Association have consistently set their face against all forms of fraudulent practices in the textile trade, as such practices could not fail to penalise the conscientious manufacturer who stamped correct trade descriptions on his goods in competition with those whose goods bore fraudulent trade descriptions and ultimately drove him to adopt the same tactics as his competitor, thus resulting in the gradual loss of reputation of Indian mill-made yarns in the home market.

Towards the end of 1936, complaints were received from member mills that cotton yarns with incorrect, incomplete and misleading trade

descriptions were being sold in various markets and that in certain cases no trade descriptions were applied or that they were extremely illegible. The matter was pursued and samples subsequently collected from various markets were tested at the Technological Laboratory at Matunga with a view to ascertaining, firstly, the precise margin between the *stamped* count, weight of bundles, etc., and the *actual* count, weight of bundle, etc., and secondly, whether the discrepancies between the stamped and real particulars were within the scale of permissible variations laid down in the Indian Merchandise Marks Manual for cotton yarn. The results of the Laboratory tests were very carefully analysed, and it was found that the complaints were justified as there were cases in which the tolerances laid down in the Manual had been exceeded.

The Committee felt that the position should be set right immediately, and in the course of a representation submitted to the Government of India early in April suggested that the Indian Merchandise Marks Act should be amended to provide for (a) the count of yarn, and (b) the net weight in lbs. of the yarn in the bundle being stamped on all grey and bleached yarn bundles other than yarns made wholly from waste, marketed in India. (*Note*.—A trade description of count applied to a bundle of dyed cotton yarn was accepted as indicating length only, and it was suggested that this practice might continue.)

It appeared that although the trade descriptions stamped on certain yarn bundles were “false” within the meaning of the Act, inasmuch as the permissible variation between the *actual* weight, count, etc., and the stamped weight, count, etc., exceeded the limit laid down in the Manual, there was no intention to defraud, the difficulty in complying with the provisions of the Manual being due to the inadequacy of the scale of tolerances at present provided. After a careful examination of this question, it was felt that there existed a very strong case for modification of the allowances laid down in the Manual in the following directions :

Variation in counts.—According to the Indian Merchandise Marks Act, in the case of grey or bleached cotton yarns, the prescribed count or number should not be greater or less than the actual count or number by more than 5 per cent. The Manual provided that the average count of the whole yarn “in question” should not be greater or less than the prescribed count. It was open to the importer or manufacturer, if he was not satisfied with the results of one test, to require a further examination to be made from further samples drawn from the consignment up to a limit of one bale for every 100 bales or fraction thereof and it was, therefore, possible that under the existing arrangement, the average count of the *whole yarn in question* might be an average representing the results of tests made on more than one bundle.

It appeared to the Committee that the existing provisions of the Manual were unsatisfactory for the reason that it was very difficult to bring about any definite relationship between the average count of the yarn “in question” and the actual stamped count on each bundle. In the circumstances, it was suggested that the proviso requiring the “average” count of the whole yarn in question being not greater or less than the “prescribed”

count should be dropped, and that instead, a new provision prescribing the unit of test as a bundle and allowing a tolerance of 5 per cent. between the average count of the yarn in the bundle and the stamped count should be inserted, the count being estimated in true condition, that is to say, with a normal moisture content of $8\frac{1}{2}$ per cent.

As regards *bleached* yarn, the Committee held that the marking of grey count should be made compulsory, and a 10 per cent. variation in counts permitted with the bundle as the unit of test.

As regards *coloured* yarn, it was felt that the only compulsory provision should be in respect of hank length, and the Committee, therefore, suggested that a trade description of count or number applied to a bundle of dyed yarn should, as at present, be accepted as indicating hank length only.

Weight of bundle.—The Indian Merchandise Marks Manual did not prescribe any definite standards (although a 10-lb. bundle was referred to) with the result that it was at present permissible to mark yarn bundles of any weight according to the requirements of the consumer. The issues in this connection were :—

- (a) whether any definite standard weight of bundle should be prescribed, and
- (b) whether, and if so, what variation should be permitted between the stamped weight and the actual weight of yarn in the bundle.

As regards (a), the Committee suggested that yarn bundles should be standardised at 5 lbs. or 10 lbs. At the same time, since there was a demand in certain markets for lower or higher denominations, they proposed that if their suggestion for a standard weight of 5 or 10 lbs. per bundle was not acceptable, then Government should recognise the following variations between the stamped weight and the actual weight of yarns in the bundle in the true condition, i.e., with $8\frac{1}{2}$ per cent. moisture content :

On counts 16s and above—One ounce on bundles not exceeding 5 lbs. in weight ; and two ounces on bundles exceeding 5 lbs. in weight.

On counts below 16s—Two ounces on bundles not exceeding 5 lbs. in weight ; and four ounces on bundles exceeding 5 lbs. in weight.

As regards *bleached* yarn, it was understood that the customary practice where weight was stamped was to stamp the grey weight, and as weight was lost in bleaching, the Committee held that a much greater variation would have to be permitted than in the case of grey yarn. They, therefore, suggested that the grey weight should be stamped on bleached yarn bundles and that the variations in weight per bundle should not exceed the present allowances which were as under :—

- 10 per cent. in counts up to 24s ;
- $8\frac{1}{2}$ per cent. in counts from 25s to 40s ;
- $7\frac{1}{2}$ per cent. in counts of 41s and upwards.

As regards *coloured* yarn, the problem was complicated by the fact that in certain types of coloured yarn, bleaching and dyeing processes reduced weight ; in others, bleaching reduced the weight, but this was more than made up in the subsequent dyeing and weighting processes, e.g., Turkey Red yarn. It was, therefore, felt that the compulsory provisions in respect of coloured yarn should only cover hank length.

Hank length.—The Manual laid down that in a bundle of grey or bleached yarn, the average length of the whole number of single hanks should not be less than 840 or 819 yards in the case of single hanks and 1,680 and 1,638 yards in the case of double hanks. While it was recognised that an average hank length of 840 yards per bundle could be worked up to, the Committee felt that a small tolerance in regard to average hank length was necessary considering that it was the bundle which was the unit of test and that nearly all reeling in India was hand-reeling. They, therefore, suggested a tolerance in regard to average length of 10 yards per single hank and 20 yards per double hank, that is to say, an average of not less than 830 yards for single hanks and 1,660 yards for double hanks in *grey* yarn.

In the case of bleached yarn, it was felt that the tolerances would have to be greater than in the case of grey because of the contraction of the length in the bleaching process, and unless long reeling was adopted for the grey yarn. It was, therefore, suggested that the average hank length laid down for bleached yarn be reduced by 10 yards, that is to say, from 819 to 809.

Number of knots in the bundle.—In regard to the number of knots per bundle, the weakness of the Manual was that the conditions applied in the case of bundles marked 5 lbs. or 10 lbs. It was realised that the ideas underlying the Manual were sound and that they should apply to whatever weight was marked on the bundle. In other words, it was thought that the number of knots should be in true relationship to the count, but the Committee felt that it was not, perhaps, essential to insist on this condition if correct weight and count were stamped on the bundle.

The Committee, in conclusion, made it clear that the above recommendations were not intended to cover folded or cabled yarn, of which members of the Association had not had sufficient experience.

It is understood that the suggestions made by the Committee are under consideration by the Central Government in consultation with the various provincial Governments and administrations in connection with the general revision of the Indian Merchandise Marks law. (*Appendix 7.*)

INDIAN STORES DEPARTMENT SPECIFICATION FOR GREY COTTON YARN.

Early in April, the attention of the Committee was drawn to the schedule attached to the Indian Stores Department standard specification for grey cotton yarn and an interpretation put upon the schedule by that Department in so far as it applied to the permissible variations in counts.

The position appeared to be that in yarns up to and including 20s, it would be permissible for the Stores Department to reject the whole of a consignment of yarn tendered against a contract for, say, 20s yarn, if even a singlelea out of that consignment was found on test to be either less than $19\frac{1}{2}$ s count or more than $20\frac{1}{2}$ s count.

The Committee held that had the interpretation put upon the schedule by the Indian Stores Department been that it would be permissible to reject a consignment of 20s if the average count of the consignment was less than $19\frac{1}{2}$ s or more than $20\frac{1}{2}$ s, no objection could possibly be raised, but that it would be utterly impossible owing to variations in climatic and other conditions, which existed from day to day while yarn was being spun, for any mill to guarantee that every single lea of 20s yarn in a consignment would be within the limits stated in the specification.

The matter was, therefore, taken up with the Indian Stores Department, and it was suggested that the interpretation of the schedule should be modified so that rejection by the Stores Department should only be possible if the average count of a consignment taken out in accordance with the procedure specified in the Indian Merchandise Marks Manual was more than half a count higher or lower than the nominal count in the case of yarns up to 20s, and more than one count higher or lower than the nominal count in the case of yarns over 20s.

The Chief Controller of Stores subsequently framed a revised specification which was approved by the Committee with certain minor modifications necessitated by practical considerations. The new specification, as approved by the Committee, was subsequently adopted by the Indian Stores Department. (*Appendix 8.*)

REGISTRATION OF DESIGNS UNDER THE INDIAN PATENTS AND DESIGNS ACT.

(See also pages 20 and 148 of Report for 1937.)

In the last report of the Association, reference was made to a representation submitted by the Committee to the Government of India suggesting the desirability of a thorough overhaul of the procedure at present adopted for the registration of designs. It was, among other things, suggested that any effective scheme of registration of textile designs should provide for :—

- (i) wide publicity and advertisement of the designs submitted for registration. (In this connection, attention was directed to the Trade Marks Journal issued by the Board of Trade, United Kingdom);
- (ii) reasonable facilities for inspection of designs by interested parties;

- (iii) a reasonable interval between publicity and actual registration of the designs to facilitate the submission of objections ; and
- (iv) institution of prompt and effective means of disposing of objections.

Government were not, it appeared, convinced that there existed a case for overhauling the present procedure for the registration of designs. In their view, the procedure suggested by the Association was analogous to that which obtained in the United Kingdom for the registration of "trade marks" and not to that which obtained there for the registration of designs. So far as the registration of designs was concerned, the existing provisions of the Indian Patents and Designs Act followed closely the provisions of the English Act on the subject. Neither of the Acts made any provision for publishing a design before registration.

The Committee held that registration of textile designs under a separate Act was both necessary and desirable in order to protect fully the interests of the trade, and they, therefore, put up a case for the enactment of separate legislation for the registration of textile designs. It was pointed out that although the number of textile designs registered until recently under the Indian Patents and Designs Act was comparatively small, in view of the prospective development of the machine printing industry in this country, it was reasonable to expect that manufacturers would in future be anxious to protect their exclusive property rights in designs which they had already introduced or might place on the market in future.

The Committee went on to suggest that the legislation should be so framed as to provide a cheap, effective and speedy means of registration, and equally effective redress against imitations of registered or established designs. One of the first essentials of such legislation would be that, as in the case of trade marks, application for registration of designs should be accompanied by scale reproductions of the designs in black and white with adequate descriptions and should be circulated to the trade before copyright was obtained.

The Committee felt that sufficient publicity to a textile design which was sought to be registered could be secured by publishing particulars in an official journal issued at regular intervals. Such publication should, it was thought, be followed by a reasonable "waiting period" to enable the parties concerned to ascertain whether the proposed design was an infringement of their registered designs. This procedure was already followed in the case of textile designs purporting to be new and original. The objects of such circulation would be :—

- (a) to ensure exclusive property rights in a design which was original ;
- (b) to protect owners of registered designs against imitations alleged to be original ; and
- (c) to prevent the registration of designs as original which were already common to the trade.

Other provisions which it was suggested might be incorporated in the proposed separate enactment were :—

- (1) Provisions to ensure that a design was not registered unless :—
 - (a) it was sufficiently distinctive in the sense that it was substantially new at the time when application for registration was made ; and
 - (b) it bore substantial evidence of inventive skill.
- (2) Where deliberate infringement of designs, whether registered or not, had been proved, the law should permit of both civil and criminal action against the offender.
- (3) Provision to enable the customs authorities to detain importations of goods bearing infringements of registered designs.

Government unfortunately maintained that under the existing provisions of the Indian Patents and Designs Act, the procedure for the registration of designs, including textile designs, was on the whole neither expensive nor slow. The existing law provided for the registration only of new or original designs, and Section 51A of the Indian Patents and Designs Act enabled the presentation of a petition for the cancellation of the registration of a design on certain grounds. Government did not also consider that any legal protection should be accorded to unregistered designs and held that no sufficient case existed for separate legislation of the nature proposed by the Committee.

In view of the decisive opinion held by Government in this matter, it was thought that no useful purpose would be served by pursuing the subject any further for the time being. (*Appendix 9.*)

INDIAN PATENTS AND DESIGNS (AMENDMENT) BILL.

(*See also pages 20 and 148 of Report for 1937.*)

Towards the middle of December 1937 the Committee were invited to express an opinion on the provisions of a “Bill further to amend the law relating to the protection of Inventions and Designs.” According to the Statement of Objects and Reasons appended to the Bill, it appeared that the main intention of the Bill was “to put a stop to the import of goods bearing pirated designs registered under the Indian Patents and Designs Act, 1891.” The only amendment which appeared to the Committee to be of importance was in respect of Clause 13 which prohibited the importation of goods bearing pirated designs. It was thought that this amendment would enable the owner of a registered design to get at the importer of the goods bearing an imitation of his original design without being required to prove that the importer was aware of the fact that the design was pirated. The Committee, while agreeing with the principles underlying this amendment,

pointed out that the Bill failed to rectify certain drawbacks in the procedure at present adopted in the registration of designs, and in this connection, drew attention to certain suggestions already made by the Association in November 1937 for a thorough overhaul of the system of registration.

POWER COSTS.

(See also pages 25 and 26 of Report for 1937.)

In the last report of the Association, reference was made to certain joint tests conducted by the engineers of Messrs. Tata Hydro-Electric Agencies, Ltd., in conjunction with the technical experts from the Association's Special Sub-Committee, in order to settle the question of relative costs of hydro-electric power and of 'own' power plus process steam in each case. Mention was also made of a revision of the terms of the Power Contracts and a plea put forward by the Committee that the Power Companies should make it possible in certain instances for mills to use back pressure turbines for the generation of a proportion of their power, for instance, in cases where a very substantial quantity of process steam was required as in dyeing and bleaching departments. It was also indicated that the Power Companies had agreed to consider the suggestion after making a complete survey of all the mills involved.

The position was considered early in the year, and the Power Companies were requested to come to an early decision as to the extent to which mills who were using hydro-electric power might be permitted to generate their own power by means of back pressure turbines. At the same time, the Power Companies were also urged, in conformity with their declared policy of progressive rate reduction as and when financial considerations permitted, substantially to reduce the power charges. It was felt that the revenue anticipations of the Power Companies, in so far as the cotton mill industry was considered, had been considerably exceeded owing to the extent to which night shifts had been worked, and that for this, among other reasons, a reduction in rates was overdue.

On the suggestion of the Power Companies, the subject was further discussed at a joint meeting between the representatives of the Hydro-Electric Companies and the Association. The representatives of the Association stressed the need for a general reduction in rates, better terms for small mills working night shifts and permission to generate a proportion of power by the use of back pressure turbines. On behalf of the Power Companies, it was contended that the cotton mill industry had been favourably treated during the last few years and that this policy of the Hydro Companies had assisted the industry in regaining its competitive position. The policy of the Hydro Companies would not, it was stated, be changed, and they realised that the cotton mill industry was their most important customer, that the financial position of the Hydro Companies must be secured and that the immediate prospects hardly warranted further concessions in rates to the mill industry.

As regards the comparative costs of hydro power and 'own' power, no agreed conclusions were arrived at on the basis of the results of the three tests already carried out in the Victoria, Coorla and Shree Ram Mills. It was suggested, on behalf of the Association, that all the tests hitherto taken had been taken wrongly and that the only correct way of ascertaining comparative power costs would be, taking mills of different sizes on hydro power, to compare the total power charges in those mills for single and double-shift operations with the guaranteed costs for producing the same amount of power with up-to-date steam generation and turbine plants. It was contended that if this basis were adopted, it could be proved that 'own' power could be provided at very much lower costs than those charged by the Hydro Companies. The Power Companies agreed to participate in securing test figures in the manner outlined above and to attach great importance to the results when reviewing the rate situation.

Further correspondence ensued and the Hydro Companies made it clear in regard to the use of back pressure turbines that while it might be possible to allow a concession up to a maximum of, say, 6 per cent., of the contract demand of each mill, they could definitely not agree to a general concession to generate 'own' power up to the maximum limit of a turbine as would permit of the bleeding of the actual maximum quantity of steam a mill was at the moment using in its process work. They held that while such a concession might result in substantially decreasing their revenues owing to lower power sales to textile consumers, it would not necessarily mean that corresponding benefits would be derived by members of the Association. Generation of power through the use of back pressure turbines was, in their view, accompanied by higher charges for fuel, wages, repairs, maintenance and stores and also higher fixed wages due to additional capital investment necessary, so that although the proposal might result in a reduction in the bill for electricity, the net benefit to members of the Association would be negligible.

In regard to power rates, the joint discussions were followed up by a representation to the Power Companies in which the Committee stressed the need for an immediate measure of relief, possibly in the form of a cash discount, pending final conclusions in regard to comparative costs on the results of tests taken on the basis agreed to at the meeting. Such a discount, it was suggested, should have retrospective effect if only on account of the extent by which the actual revenue from the mills during the past two years had exceeded the expectations on which the existing power rates were based.

As regards the proposed tests, the suggestion mooted at the meeting was that three mills should be chosen with small, medium and high power loads and that guaranteed estimates should be called for from steam and power plant manufacturers for these three mills. The actual comparison to be made when the mills had been agreed upon would be the total cost of power plus process steam according to the guaranteed figures of boiler and power plant manufacturers and the total cost of purchased power plus process steam, for single and double-shift operations. The Committee accordingly suggested for the consideration of the Hydro Companies that the Textile

Mills should be taken as an example of a large unit ; the Simplex as an example of a medium-sized unit and the Swan Mills as an example of a small unit. The Board of the Power Companies, while agreeing to this suggestion, made it clear that all factors entering into the cost of power should be included in the calculated costs for, in the past, they had found that many estimates were based on ideal operating conditions rather than on average operating conditions as they would be over the life of the plant. In view of these tests and the uncertainty of the factors affecting the future of the Hydro Companies, the Power Companies further expressed their inability to make a reduction in rates at the moment, but indicated their willingness to consider the matter very carefully when the results of the tests were known.

The Committee, nevertheless, reiterated their demand for an immediate cash discount of 10 per cent. to mill consumers, pending decisions on the results of comparative cost figures to be taken out in the Textile, Simplex and Swan Mills, but the Power Companies were unable to see their way to grant this concession.

Efforts are, therefore, being directed towards expediting the new cost comparisons agreed to at the joint meeting referred to above. (*Appendix 10.*)

FUEL OIL SUPPLIES TO COTTON MILLS.

(*See also pages 19 and 133 of Report for 1935.*)

On page 19 of the report of the Association for the year 1935, a summary was given of the results of certain negotiations carried on between the Association and Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., in connection with various matters arising out of the fuel oil contracts entered into by cotton mills with the Oil Company.

Early in October, the attention of the Committee was drawn by several mills to certain proposals made by Messrs. The Burmah-Shell Company which sought to fix the price of fuel oil for the ensuing year at Rs. 29 per ton and to reserve to themselves the right to increase the rate to Rs. 45 by giving a month's notice in the event of war. There appeared to be a general feeling of dissatisfaction with these proposals as also with the oil contract which, in certain instances, appeared one-sided. The situation was discussed at two meetings by representatives of mills obtaining their supplies of oil through Messrs. The Burmah-Shell, when the proposals originally made by the Oil Company and also certain alternative proposals subsequently made by Mr. G. H. Cooke on behalf of the Oil Company during the course of the informal conversations which he had with the Chairman, Deputy Chairman and Secretary of the Association were considered. It was eventually agreed that the following arrangement suggested by the Oil Company might be accepted by fuel oil consumers :—

- “(1) Declaration of mill rate at Rs. 45 per ton made to those buyers whom the Oil Company were under legal obligation to notify by 30th September, together with their alternative scheme (notified

to buyers on 1st October to supply at Rs. 29 per ton, subject to an option to Messrs. Burmah-Shell to vary prices during the year in the event of war ; to be withdrawn without prejudice to existing contracts.

- (2) In the event of the withdrawal being agreed to by all those to whom the mill rate already declared is applicable and if all consumers under contract with Messrs. Burmah-Shell for supplies of furnace oil at the mill rate during 1939, agree to the acceptance of a War Clause in their existing contracts on the basis outlined below, the Oil Company are ready to :—

- (a) re-declare the mill rate for 1939 at Rs. 29 per ton of 2,240 lbs.
- (b) when the Oil Company declare the mill rate for 1940 and subsequent years on or before 1st October of the year previous to that in which the rate is to be applicable, they will give to those buyers who will be under contract to take supplies of furnace oil at the mill rate during the year to which the rate is applicable, the option of declaring their (buyers') intention to suspend their contracts for the whole of, but not for a part of, the year commencing the following 1st of January, if they find that alternative fuel is more economical than furnace oil at the mill rate declared by the Oil Company, provided they exercise such option within 30 days after the Oil Company have declared the mill rate for the following year. If they intimate their desire to resume the use of fuel oil in whole or in part during the subsequent year, after having given notice of suspension, then their contracts with the Oil Company will be revived in full until expiry subject to the option referred to above and to the option which becomes operative under the War Clause to which reference is made below.

The War Clause in question will be designed to cover the following main points :—

- (a) If sellers' costs are increased as a result of causes arising from hostilities, sellers to have the option to raise the price to the mills above the mill rate current at the time, after giving buyers one month's notice.
- (b) When notice as in (a) above has been given by sellers, buyers on their part will have option for three months after the date of the notice given by sellers, to declare that, because the price is prohibitive, they wish to suspend the purchase of furnace oil after one month, but if they elect to take supplies after the date of expiry of the one month's notice given by the sellers of the increase in price due to hostilities, buyers will pay for such supplies at the rate ruling on the day of delivery, but if they wish to continue to use oil fuel or resume the use of oil fuel after four months of

the date of sellers' notification, then the contracts will also be deemed to be resumed in full for the original requirements of oil until the expiry of the contract or further suspension as the case may be."

As a result of further negotiations, Messrs. The Burmah-Shell subsequently indicated their willingness to incorporate a six months' notice clause in any indefinite period contract, and that if mills desired to change their short-period contracts to contracts of indefinite duration, they would be allowed to do so. All members were advised to take advantage of this offer and get their contracts modified accordingly, since it was felt that a six months' notice clause would enable a mill to change over to an alternative fuel at any time when such a change was deemed advisable in the interests of economy. (*Appendix 11.*)

ESTABLISHMENT OF A RATING TRIBUNAL IN BOMBAY.

PROPOSED BILL TO AMEND THE CITY OF BOMBAY MUNICIPAL ACT, 1888.

*(See also pages 13 and 106 of Report for 1931, and
page 15 of Report for 1935.)*

In the Association's report for 1931, reference was made to a suggestion put forward by the Committee to the Government of Bombay for the establishment of a special tribunal consisting of a Judicial Officer of high standing and a valuation expert or experts to investigate and deal with such assessment appeals as had been disposed of by the Assessor and Collector of Taxes under Section 165 of the City of Bombay Municipal Act, 1888. Such a tribunal should, it was further suggested, exercise the powers at present conferred on the Chief Judge of the Small Causes Court and, in addition, enjoy some of the powers conferred on the Assessment Committees at England especially in the matter of appointment of experts to assist them, and that an appeal against the decision of the tribunal on points of law only should lie to the High Court. Nothing, however, eventuated, for in 1935 Government informed the Committee that as the legislation required to give effect to the proposals made by the Association should then be undertaken by the Government of India, and that as the Government of India were not likely to undertake such legislation in view of their own crowded legislative programme it had been decided that the matter should be allowed to rest until the inauguration of the new constitution when it was thought that the Local Legislatures would probably be competent to deal with it.

It would appear that the suggestion made by the Association subsequently formed the subject-matter of correspondence between Government and the Municipality who agreed that, in the public interests, the City of Bombay Municipal Act should be amended so as to provide for a regular appeal to the High Court against the decisions of the Chief Judge of the Small Causes Court. Certain draft amendments designed to give effect to this proposal were thereafter framed by the Municipality, and the Committee

were invited to express an opinion on these amendments. Briefly stated, the Bill contained :

- (a) a provision that, if the parties so desired, differences between the Municipality and the assesseees might be referred to arbitration before the appeal was heard by the Chief Judge of the Small Causes Court ;
- (b) a provision for the appointment of a valuation expert by the Chief Judge of the Small Causes Court to make an independent valuation of the property under assessment before hearing the case ;
- (c) a provision for a reference by the Chief Judge on points of law to the High Court ; and
- (d) a provision for an appeal against the decision of the Chief Judge of the Small Causes Court in respect of valuations exceeding Rs. 2,000.

The Committee were unable to appreciate the reasons for the amendment proposed in (a), as, in their opinion, there was nothing to prevent the parties from going to arbitration before an appeal was disposed of by the Chief Judge of the Small Causes Court. In fact, an arbitration of this character took place in 1931 in connection with the appeals preferred by the mills against the assessment orders passed by the Assessor and Collector of the Bombay Municipality.

It was proposed under (b) that, on the application of either party, the Chief Judge might direct that a valuation of the premises which was the subject-matter of the appeal, be made by a competent person, who should thereupon certify and value the premises. After the valuation had been made, the Chief Judge might, on his own initiative, or should, on the application of any party to the appeal, call as a witness the party so appointed, and when he was called, either party might cross-examine him. The Committee failed to appreciate the object or advantage of this amendment which sought to place before the Court an independent expert valuation before any evidence as to value had been led. In an appeal against the rateable values, the parties might, it was felt, be expected to call before the Court experts on whom they proposed to rely as to the rateable value of the property, and if the Chief Judge of the Small Causes Court could not make up his mind between two sets of experts, it was doubtful whether the calling of the expert appointed by the Judge would be of much assistance to him, particularly after the expert had been cross-examined by both the appellants and the respondents.

It was further proposed that this expert should be a "competent" person. The Committee held that the word "competent" should be carefully defined as the parties would probably not be given an opportunity of examining the witness as to his competency. They felt that the object which Government had in view would perhaps be served if the expert could be associated with the Judge, that is to say, act as Assessor in the appeal with

more or less the same functions as the Trinity Masters in Admiralty cases in England or Assessors in patent cases in this country. The only point to be remembered in this connection was that the expert should not, either directly or indirectly, be interested in the parties concerned.

As regards (c), in the opinion of the Committee, Section 2 of Act No. XII of 1888 already permitted the Chief Judge of the Small Causes Court to refer questions of law or usage having the force of law, etc., on which he entertained reasonable doubts, either on his own motion or on the application of either of the parties, for the decision of the High Court of Judicature, Bombay, and there appeared to be no necessity for an amendment on the lines suggested by Government.

The provision for an appeal to the High Court of Judicature in respect of valuations exceeding Rs. 2,000 was, the Committee thought, a very desirable reform, but it was held that in actual practice this clause would probably be invoked to a greater degree by the Municipality than the tax-paying public since the cost of bringing an action would be very considerable and might, in many instances, be beyond the means of an assessee.

The Committee, in these circumstances, once again reiterated their suggestion for a rating tribunal such as that advocated by them in 1931. In their opinion, the case for the appointment of such a tribunal rested on two grounds : firstly, the procedure whereby the Municipal Commissioner disposed of appeals against the assessments made by his own subordinates was wrong in principle ; and secondly, the Chief Judge of the Small Causes Court, however eminent a lawyer he might be, could not be expected to have expert knowledge of all matters connected with rating. The Committee strongly felt that this state of affairs should be set right as early as possible, and therefore hoped that Government would find it possible to incorporate suitable proposals in the Bill when it was finally drafted.

The final proposals of Government in this regard have not yet been published. (*Appendix 12.*)

TWENTY-FOURTH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

(*See also pages 31 and 170 of Report for 1937.*)

In the last report of the Association, it was stated that the Committee had suggested the nomination of Lala Shri Ram and Seth Shantilal Mangaldas as the Indian Employers' Delegate and Adviser, respectively, to the twenty-fourth session of the International Labour Conference. The suggestion was accepted by Government, and according to a Government Resolution published on the 10th of May, the following gentlemen represented India at the Conference which was held on 3rd June, 1938 :—

Government Delegates :

Sir Firoz Khan Noon, K.C.I.E., High Commissioner for India,
London.

Sir Frank Noyce, K.C.S.I., C.B.E.

Advisers to the Government Delegates :

Mr. A. F. Morley, India Office, London.

Mr. M. Ikramullah, I.C.S., Deputy Indian Trade Commissioner,
London.

Employers' Delegate :

Lala Shri Ram, Delhi.

Adviser to the Employers' Delegate :

Mr. Shantilal Mangaldas, Ahmedabad.

Workers' Delegate :

Mr. S. V. Parulekar, M.L.A. (Bombay).

Adviser to the Workers' Delegate :

Mr. S. Guruswami, Madras.

Mr. M. Ikramullah acted as Secretary to the Delegation.

EMPLOYERS' DELEGATE TO THE TWENTY-FIFTH SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Towards the middle of December, the Government of India invited suggestions relating to the nomination of non-Governmental Delegates and their Advisers to the forthcoming session of the International Labour Conference to be held in Geneva in June 1939. The items on the agenda of the Conference were :—

- (1) Technical and vocational education and apprenticeship.
- (2) Recruiting, placing and conditions of Labour (equality of treatment) of migrant workers.
- (3) Regulation of contracts of employment of indigenous workers.
- (4) Regulation of hours of work and rest periods of professional drivers (and their assistants) of vehicles engaged in road transport.
- (5) Reduction of hours of work in industry, commerce and offices.
- (6) Reduction of hours of work in coal mines.

On the recommendation of the Employers' Federation of India, the Committee suggested the nomination of Sir Ardeshir Dalal, Kt., of Messrs. Tata Sons, Ltd., and Mr. K. Basu, President of the Indian Mining Federation, as the Employers' Delegate and Adviser respectively. (*Appendix 13.*)

COMPULSORY PROVISION OF CRECHES IN MILLS.

(See also page 19 of Report for 1934.)

In the Association's report for 1934, reference was made to certain tentative rules framed by the Government of Bombay seeking to make it

obligatory on factories employing more than 50 women workers to provide rooms for the use of children under the age of six belonging to such workers before the 1st January 1936. On representations being made by the Committee, it was agreed that no rules would be framed by Government for the time being pending further investigations in the matter.

Early in the year, the attention of the Committee was drawn to certain draft rules framed by Government requiring owners or occupiers of all industrial establishments employing more than 100 women workers to provide for the use of children below the age of six, belonging to such women, a suitable room or rooms, complying with the following conditions :—

- (a) A floor space of not less than 9 square feet should be provided for each child.
- (b) The height of the roof of every such room should not be less than 10 feet.
- (c) Every room should be well ventilated, lighted and built of heat-resisting materials, and should also be waterproof, damp-proof and maintained in a clean condition.

It was laid down that the use of every such room should be restricted to children, their attendants and mothers of children, and the employer should provide in such rooms proper sanitary utensils and a sufficient supply of hot and cold water or a sufficient supply of water with adequate facilities for heating the same. It was further provided that the employer should employ a trained nurse and a female servant for attending to the children occupying such rooms, and that such nurse or servant should be present in such rooms during the hours when women were employed in the factory.

From the information at the disposal of the Association, it appeared that baby creches had come into existence in a fairly large number of mills by voluntary efforts made by employers in spite of the heavy losses which had been incurred by the industry for several years. The Committee held that, as and when times improved, these institutions would be further developed. They felt, however, that further development in the matter of accommodation for children in factories should be secured by Government with the voluntary co-operation of employers, for, in their opinion, legislation could not in the long run fail to have unfortunate repercussions on the quality and effectiveness of the work voluntarily carried out for the benefit of women workers and their children. At the same time, they recognised that the rules proposed by Government might be taken as a guide wherever such establishments came into existence, and suggested that the whole question might be reviewed after five years in the light of subsequent experience.

Clause 2 of the proposed draft rules sought to prescribe a floor space of not less than 9 square feet for each child. It was pointed out that in the case of a mill which had no creche whatsoever to start with, but which intended to establish one, it would be impossible to estimate what floor area to provide, since it would not be possible for the authorities to ascertain how

many children would be brought to the mill premises by their mothers. Experience had shown that in very many cases women employees preferred to leave their children at their homes in charge of female relatives or other persons, and the Committee, therefore, felt that no useful purpose would be served by endeavouring to arrive at a figure based on the number of children under six years of age belonging to the women in the particular mill concerned. It was, therefore, suggested that this rule might be deleted with advantage and that discretion might be vested in the Chief Inspector of Factories to decide whether the floor area allotted per child was sufficient.

The force of the arguments put forward by the Committee was recognised by Government, and the final rules, published in June 1938, laid down that the occupier of every factory other than a seasonal factory wherein more than 100 women workers were ordinarily employed and which might be specified by notification, should provide a suitable room or rooms for the use of children below the age of six years belonging to such women. A notification was subsequently issued by Government specifying the factories to which the rules applied. This list included almost all the cotton mills situated within the Province of Bombay, and all members were, therefore, advised of the new rules.

It is understood that a reasonable period of time would be allowed to those mills which, owing to the lack of free space, found it necessary to construct entirely new buildings for creches, to comply with the requirements of the rules. (*Appendix 14.*)

STANDING ORDERS FOR OPERATIVES—WILFUL SLOWING DOWN OF WORK.

Towards the end of April, the attention of the Committee was drawn to a tendency on the part of industrial workers in certain parts of the country to adopt a policy of wilful slowing down of work, better known as the ca'canny policy. It was suggested that this practice was increasingly being resorted to by workers, and it was, therefore, urged that the Association's Standing Orders for Mill Operatives might suitably be amended to meet such a situation.

The Committee of the Association found it impossible to devise a rule which would effectively deal with action of this character. The only way of dealing with such a situation appeared to them to be by keeping a very close check on the daily efficiency of individual operatives and taking effective disciplinary action in each case.

WORKING OF THE BOMBAY TRADE DISPUTES CONCILIATION ACT.

(*See also page 33 of Report for 1937.*)

In the previous reports of the Association, reference has been made to various recommendations made by the Committee during the last

few years with the object of improving the relations between the mill managements and the workmen employed in the industry. A resume of the important recommendations issued during the year 1938 is given below :

(1) *Unauthorised absenteeism in cotton mills.*—It was recognised at an early stage that there had been a considerable increase in many mills and in many departments in the extent of absenteeism without leave and without reasonable cause. The practice had in certain cases undermined general efficiency and internal discipline. With the object of counteracting this undesirable tendency, it was felt that Standing Order No. 8, which provided that any operative who desired to obtain leave of absence must apply previously to the heads of the departments, should be more strictly interpreted.

As a practical step towards achieving a reduction of casual absenteeism and the improvement of internal discipline, it was suggested that member mills might cause an examination of the attendance musters in all departments to be made and prepare lists of the names and ticket numbers of all operatives who had been regularly absent without leave for three days or more during each of the last three calendar months, as also the names of workers who had regularly absented themselves on the day following pay-days. These workers should then be called before the manager and warned that severe disciplinary action would be taken against any of them repeating their offence during the following months, this warning being recorded in a special warning book. Disciplinary action would, in the first instance, be suspension in accordance with Standing Order No. 20, and repetition would be punished by summary dismissal if the manager was satisfied that such a course was desirable. It was recommended that a similar examination of the attendance musters might be taken by all mills at three-monthly intervals.

(2) *Piecework earnings.*—During the last two years, the Association had been collecting figures of the average earnings from month to month of all major piecework occupations in Bombay. Figures were taken out by dividing the total wage bill by the number of pieceworkers on the muster in the particular occupation concerned. This method led to unsatisfactory results, because, owing to an excessive amount of absenteeism, an exceptionally large number of inefficient *badli* workers brought down the average earnings.

In these circumstances, it was considered desirable that member mills should take out the average earnings of all permanent weavers and *badli* weavers separately from the month of January 1938.

(3) *Service certificates.* In the Association's report for 1936, reference was made to a recommendation made by the Committee that all mills should introduce a system of service certificates in all cases of substantial retrenchment owing to the closing down of night shift or otherwise, and that member mills should give preferential treatment to service certificate holders for *badli* work or for permanent vacancies for which efficient workers were not available among the mills' own regular employees.

It was brought to the notice of the Committee that a rather narrow interpretation had been put on this recommendation by certain mills who only issued certificates in the event of substantial retrenchment owing to the closing down of night shift, and did not ordinarily issue these certificates when the services of a few workers were dispensed with owing to other forms of retrenchment, for example, the introduction of rationalisation on certain classes of machines.

All mills were, therefore, requested to issue service certificates to each and every permanent worker, whose services were terminated as a measure of retrenchment only or for any reasons other than those specified in Standing Order No. 20. It was suggested that, when issuing service certificates to workers, the reason for retrenchment might also advisably be stated on the certificate. A suitable form was recommended for adoption by all mills and certain standard instructions were drawn up for the guidance of mill managements in making out certificates.

(4) *Complements of winders and reelers in Bombay mills.*—The question of the number of winders and reelers employed by mills in the City and Island of Bombay has for a long time been under consideration by the Association, and as early as in October 1930, a suggestion was made that the number of women operatives in the reeling and winding departments should be gradually reduced by ceasing to engage new employees when old workers left service. It would appear that most member mills did not take effective action in the direction recommended by the Association, and judged from the statistics of the average monthly earnings of different classes of winders and reelers, it became apparent that women operatives generally did not earn what might reasonably be expected, taking into consideration the rates prevailing in almost all member mills. The Committee were strongly of the opinion that the time had arrived for managements to make a serious effort to improve the individual earnings of both winders and reelers by reducing the numbers employed and giving the workers retained full work, wherever possible, for the whole of the time they were present on the mill premises. It was realised that the method to be followed in achieving higher average earnings for winders and reelers would depend on the particular circumstances of the mill concerned. At the same time, the attention of all mills was drawn to the desirability of keeping a close daily check on the output of individual pieceworkers generally and of weavers in particular.

(5) *Cessation of employment by 'Key' workers without notice.*—Early in the year, the attention of the Committee was drawn to the desirability of putting a stop to a practice adopted by jobbers and workers employed in 'key' positions, of leaving employment without notice. The Committee recommended that no jobber or other key worker (as per list of occupations specified below), should be employed by any mill, until it was satisfied that the workman had given proper notice to his previous employer. The ordinary method of satisfying the employer would be the production of a discharge certificate, but it was recognised that there might be cases where the production of such a certificate would not be possible even though due notice had been given.

List of key occupations in mills.

- | | |
|--------------------------|-----------------------------|
| 1. Head jobbers. | 9. Head roller coverers. |
| 2. Line jobbers. | 10. Erectors. |
| 3. Line levellers. | 11. Front sizers. |
| 4. Fitters. | 12. Power house attendants. |
| 5. Carpenters. | 13. Pattern mistries. |
| 6. Card fitter clothers. | 14. Welders, and |
| 7. Loom slay carpenters. | 15. Jacquard card cutters. |
| 8. Boiler sarangs. | |

Members were, at the same time, requested to notify the Association whenever any 'key' workers left employment without notice.

(6) Hours of work of certain classes of operatives in cotton mills.—

The question of the most appropriate method of regulating the hours of work of certain classes of workers such as electric motor starters, humidifier pumpmen, etc., who were required to commence their work before the usual starting time of the mills and had in some cases to stay behind after the ordinary workers had left the mills, engaged the attention of the Committee, and in October they recommended that advantage should be taken of the "spread-over" provisions of Section 38 of the Factories Act, 1934, and that the hours of work and intervals of rest for Rope splicers, Wiremen, Humidifier pumpmen, Electric motor starters, Shafting oilers, and Oilers and banders, should be fixed in such a manner that their actual effective working hours did not exceed nine per day by granting longer rest intervals. The desirability of a constant check being exercised over the numbers employed in these special occupations in order to ensure that the complements employed in each case did not exceed the actual requirements was also brought to the notice of members.

(7) Complements of doffer boys and tarwallas in Bombay mills.—

As a result of a detailed examination of the number of doffer boys and tarwallas employed in Bombay mills, the Committee recommended that where the numbers employed in any mill were in excess of the standard laid down they should be gradually reduced as and when circumstances permitted to the level prescribed.

The Committee also recommended that the number of doffer boys should be regulated in relation to the usual average count of the mill, and that, as and when circumstances permitted, the employment of tarwallas, as distinct from doffer boys, might be gradually discontinued.

*(8) Wages of sepoy and jamadars.—*The question of the wages to be paid to sepoy and jamadars employed by cotton mills in Bombay was considered early in the year, and after full consideration, the Committee

recommended that the following minimum wages should be made applicable to new entrants :—

For Sepoys—A minimum wage of Rs. 24 if free quarters were available, or Rs. 25 if no quarters were provided.

For Jamadars.—A minimum wage of Rs. 32 if free quarters were available, or Rs. 34 if no quarters were provided.

It was agreed that there should be a regular change-over from day to night shift and *vice versa* and that there should be no additional remuneration for night shift. The minimum wages recommended were for the ordinary system of ten hours for day shift and 14 hours for night shift, and it was suggested that if more than two shifts were worked, there should be no increase in the total number of sepoys and jamadars employed. It might be pointed out that the interim wage increases recommended by the Textile Labour Inquiry Committee would not be applicable to the wages payable to the above classes of workers.

(9) *General notice of closure*.—The attention of the Committee was drawn during the year to notices put up by certain mills informing the workers that a particular shift would be discontinued with effect from a certain date and that the services of some selected workers would be terminated as and from that date. It was pointed out that particularly in cases where the services of some of the workers were to be retained, the putting up of a general notice of the type referred to above might not be satisfactory inasmuch as it kept all the workers in suspense. With a view to effect improvements in the existing procedure so as to make it satisfactory from the workers' point of view, it was recommended that mills should, after issuing a general notice of closure affecting a major department and involving workers employed on two or more shifts, notify the individual workers whose services would be retained as soon as possible. It was also suggested that in cases of major departments the closure should, if possible, be of a gradual character.

(10) *Basis of payment of weavers' wages*.—It was indicated in the last report of the Association that the question as to whether weaving rates should be fixed on a per lb. basis or per piece basis had been discussed by the Labour and Technical Advisory (Managers) Sub-Committee, and that although that Sub-Committee felt that the system of payment per piece would be simpler than a per lb. basis, they were not in favour of making an immediate change in the system. At the same time, the Sub-Committee had no objection to mills who were paying on the per lb. system switching over to the per piece system if, in their opinion, such a change was deemed desirable.

The desirability of weaving rates being based on a "per piece" system instead of a "per lb." system was once again considered, and after taking into consideration the provisions of the Bombay Weights and Measures Act, the Committee recommended that mills which were paying on the per lb. system should switch over to the system of payment on a per piece basis as from the 1st January 1939. In order to prevent any misunderstanding or confusion in the first few months of the change-over, it was suggested that the wage boards should contain the existing per lb. rate and the per piece rate side by side.

(11) *Employment of displaced workers.*—During the year, the possibility of finding employment to workers thrown out of employment as a result of the suspension of night shift or from the wholesale closing down of departments was considered by the General Committee of the Association. A tentative scheme was drawn up, having in view the absorption of those workers in neighbouring mills as substitute labour in preference to some of their existing *badli* workers who were neither regular in their attendance, nor efficient. The successful results of the experiment which was tried out in one member mill indicated that unemployment following from the closure of night shift or from the wholesale closing down of departments could be effectively tackled if timely intimation of such suspension or closure were given to the Association by the mill or mills concerned. All member mills in Bombay were, therefore, strongly recommended to send timely notice to the Association whenever retrenchments of a major character were contemplated in order that the services of the Association's Labour Officer might be utilised in finding employment for the displaced workers in neighbouring mills.

(12) *Workmen's Service Record Cards.*—Another important recommendation made by the Committee during the year related to the desirability of maintaining adequate records of the services of each individual worker permanently employed in the industry. The chief considerations which weighed with the Committee in making this recommendation were :—

- (i) the desirability of establishing closer contact between mill managements and their individual workers ; and
- (ii) the desirability of a service particulars record for purposes of determining a worker's suitability for promotion and for many subsidiary purposes.

The particulars which should be included in the record were carefully examined by the Labour and Technical Advisory (Managers) Sub-Committee. It was felt that when once the general particulars had been filled in for each permanent worker, the maintenance of the monthly and periodical particulars regarding earnings, absenteeism, sickness, leave, etc., would be a simple matter. The cost of maintaining record cards appeared to be comparatively light. In order to ensure uniformity in the size of the cards used by individual mills, a standard size was prescribed, and all mills were asked to complete the filling in of the record cards of all their permanent workers by the 1st of January 1939 and to commence writing up monthly particulars as from that date.

Realising the need for following a uniform method of maintaining clear and detailed records of the absence of workers owing to various reasons, the Committee recommended the adoption of a standard set of code letters and symbols for the purpose of indicating absence due to sickness, leave, playing off, suspension or for other reasons in the muster rolls and in the service record cards of operatives.

(13) *Labour Officers in individual mills.*—One of the most important recommendations made by the Committee during the year under review was

the desirability of the appointment of Labour Officers by individual member mills. A recommendation to this effect was made by the Royal Commission on Labour in India in 1930, but it was not at that time considered absolutely essential. With the passage of time and the enactment of the Bombay Trade Disputes Conciliation Act in 1934, individual mills were increasingly called upon to deal with a multitude of labour and welfare problems. The matter was, therefore, again taken up, and the Committee suggested the appointment of Labour Officers in individual mills. It was indicated that the main functions of such officers in the early stages should be to supervise recruitment, prevent abuses, ensure a fair deal for labour and generally to assist the management in all labour matters. An outline of the duties which might be entrusted to such officers was also drawn up for the guidance of members.

As regards the qualifications for the appointment, it was suggested that the candidate should belong to the Mahratta community and should be able to write and speak that language fluently. Other desirable qualifications would be a general knowledge of the technical processes of the mills and a detailed knowledge of social and economic problems, but the most essential qualifications would be integrity, personality and tact. The difficulties which might be experienced in obtaining candidates with the necessary qualifications was realised, and the Committee, therefore, devised a system of training, including a detailed study of the provisions of all the enactments concerning labour and the recommendations issued by the Association from time to time concerning labour welfare. The Association's Labour Officers were directed to maintain close contact with the officers appointed by individual mills, and frequent meetings were arranged for the purpose of discussing problems of common interest with the object of ensuring a uniform method of treatment.

A handy booklet summarising the more important recommendations issued by the Association from time to time during the last few years on labour matters was also published during the year for the guidance of the managerial and supervisory staffs of individual mills.

(14) *Badli Control system*.—The successful results achieved by the *badli* control system introduced by the Association for the first time in 1935 led the Government of Bombay towards the end of the year to recommend its adoption by all non-member mills in the Province as a means of reducing labour turnover and eliminating bribery and corruption incidental to the existing system of recruitment.

ASSOCIATION'S LABOUR OFFICER.

Mr. C. A. Dalal, the Association's first Labour Officer, who had been serving in that capacity since the 1st November 1934, expressed his desire to be permitted to resign from the 1st April 1938 with the object of taking up another appointment.

Mr. R. G. Gokhale, B.Com., who was Senior Assistant in the Labour Office, Bombay, was appointed to succeed Mr. Dalal and took over his duties with effect from the 1st January 1938.

INDUSTRIAL WELFARE WORK IN BOMBAY CITY.

Early in July, the Committee of the Association were informed by the Commissioner of Labour, Bombay, that as a first step in the direction of the extension of co-ordination of industrial work in Bombay City, Government had decided to take a survey of certain welfare activities undertaken by different agencies. It was stated that in the view of Government, the minimum needs of industrial workers were the establishment of libraries and reading rooms, provision of facilities for physical culture and recreation, and the publication of appropriate literature for industrial workers. Government, therefore, desired to be furnished with a detailed note on the points set out below in respect of industrial workers :—

(a) To what extent, if any, did the Association cater to the needs of industrial workers ?

(b) Had the Association established any libraries and reading rooms ? If so, their number, location and the average attendance, etc.

(c) Had the Association established any centres for physical culture and recreation ? If so, their number, location and the average attendance, etc.

(d) Had the Association published or did the Association contemplate publishing literature especially for industrial workers ?

The Committee, after careful consideration of the matter, expressed themselves as under on each of the above four points :—

(a) The Association had for many years been devoting much thought to the welfare of the workers employed by member mills in Bombay City and Island. The interests of the workers were catered for through the medium of the Association's Labour Officer and a special Sub-Committee of Mill Managers who met to discuss labour matters twice a month. The Association's Labour Officer, working in conjunction with the Government Labour Officer, investigated all the grievances submitted by the mill operatives with a view to ensuring that fair treatment was meted out to them under all circumstances. The Labour Sub-Committee of the Association, in addition to dealing with all routine labour problems, also concerned itself with welfare matters and, had been responsible for many very useful recommendations for ameliorating the lot of mill employees. It was pointed out that the Association could not itself undertake a great deal of welfare work on behalf of the workers owing to its limited funds, but it had always encouraged member mills to extend their welfare activities as and when financial considerations permitted. It had, for example, encouraged the establishment of co-operative credit societies, provision of free medical aid, creches, canteens, mill tea shops, safety-first classes and sports clubs. It had also encouraged member mills to grant scholarships to their workmen attending the technical classes held under the auspices of the Social Service League and the Victoria Jubilee Technical Institute. The Association had itself subscribed regularly to a number of hospitals, educational establishments, etc., which catered particularly for the needs of industrial workers. In addition, it had adopted a forward policy in regard to a large number of recommendations of the Royal Commission on Labour, and it was pointed out that periodical reports were being submitted to Government as to what had been achieved in the direction of implementing these recommendations.

(b) The Association had not itself established any libraries, but reading rooms had been provided in a number of member mills, and the Association had contributed regularly for a number of years to the Bombay Textile and Engineering Association, one of whose main functions was to supply up-to-date technical reading matter for certain classes of supervisors in the mills.

(c) The Association had not established any centres for physical culture and recreation, but had encouraged the establishment of such centres by individual mills.

(d) The Association had been publishing a monthly Marathi magazine, *Girni Samachar*, which was being issued to mill workers at a nominal price. (*Appendix 15.*)

PROHIBITION MEASURES IN BOMBAY—PROPOSED CHANGE IN WAGE PERIOD.

Towards the end of June, the Committee were informed that one of the measures which Government proposed to adopt in connection with the enforcement of their policy of prohibition was the closing of liquor shops in the City and Island of Bombay on the monthly pay-days fixed by the Association for mills employing 1,000 or more operatives and the day following such pay-days with effect from the month of August.

The attention of the Committee was subsequently drawn to a circular letter addressed by the Commissioner of Labour, Bombay, to all factories employing less than 1,000 operatives. In accordance with Section 5 (1) (a) of the Payment of Wages Act, these establishments were paying the wages of their operatives not later than seven days after the expiry of the wage period, which, in every case, was a calendar month. This, in effect, meant that wages in industrial establishments in Bombay were paid on more than one day per month. In order to avoid this and ensure that the closure of liquor shops in the city coincided with the days on which wages were distributed in all major industrial establishments, Government suggested that factories employing less than a thousand workers might also pay on the 10th by changing the wage period from the calendar month to a period running from the 4th of one month to the 3rd of the succeeding month.

The Committee felt that a change in the wage period in the manner suggested would not be desirable. In their opinion, Government appeared to have overlooked that a change in the wage period from the calendar month would mean a similar change in the basis of accounting of the company and many adjustments would have to be made when the monthly and yearly accounts were prepared. In addition, the change would complicate the preparation of a very large number of returns and statistics. As regards the attitude of the workers to the proposed change, it transpired that while they had no objection to taking their wages on the tenth, they were opposed to a change in the pay period on the ground that it would introduce a month which was different from the month on the basis of which they paid their

rent and other household expenses. In these circumstances, the Committee failed to see the advantage of making a change which was inconvenient to the employers and at the same time unacceptable to labour. The Committee were in entire agreement with the measures taken by Government in enforcing their prohibition policy, and they suggested that the object in view might perhaps be served by asking the Government of India to amend the Payment of Wages Act so as to empower Local Governments, in special circumstances, to authorise the payment of wages in factories employing less than 1,000 operatives, on a day not later than the 10th of the following month.

At the same time, the Committee's attention was also drawn to another communication addressed by the Chief Inspector of Factories, Bombay, to certain member mills in the City and Island of Bombay in which it appeared to have been contended that the bleaching and dyeing departments of the mills concerned were "separate factories" employing less than 1,000 workers and that, therefore, the wages of the operatives employed therein should, as laid down in Section 5 (1) (a) of the Payment of Wages Act, be paid not later than the 7th day after the expiry of the wage period, which was usually a calendar month. Payment on the 7th was not, however, insisted on, and it was suggested that payment might be made on the 10th. Under the Payment of Wages Act, this would be illegal in factories employing less than 1,000 hands with the calendar month as the wage period, and it was, therefore, suggested that a change should be made in the wage period from the calendar month's basis to a period commencing from the fourth of one month to the third of the following month, which would make it possible for wages to be paid on the 10th. It was also pointed out that if the wage period was not changed as indicated, the wages of the workers in the bleaching and dyeing departments in question would have to be paid on the 7th and not on the 10th.

The suggestion for the change in the wage period appeared, in the opinion of the Committee, to have been based on the assumption that the departments concerned, which employed less than thousand workers were separate factories and had been declared as such by the Local Government. The Committee were unaware that any special powers had been conferred on the Local Government under the Payment of Wages Act to treat portions of one industrial establishment as separate units. They felt that no case existed for any alteration in pay-days or wage period in the establishments concerned. Wages in these cases were paid on the 10th and that arrangement perfectly fitted with certain measures taken by Government in connection with their prohibition policy. The matter was, therefore, taken up with Government with the result that the Chief Inspector of Factories subsequently assured the Committee that bleaching and dyeing departments would be considered as portions of the main factory for the purposes of Section 5 of the Payment of Wages Act, 1936. (*Appendix 16.*)

FIRE INSURANCE TARIFF OF COTTON MILLS: RATING OF DYEING DEPARTMENTS.

According to the existing Fire Insurance Tariff for Bombay cotton mills, a dyeing department which contained a cylinder drying machine was

rated at 12 annas per cent. as against 3 annas per cent. applicable to a finishing department containing the same machine. This anomaly was brought to the notice of representatives of the Fire Insurance Association at a joint meeting held in July, and the Fire Insurance Association agreed to meet the view-point of the Association in so far as cloth drying was concerned.

The necessary amendments in the Tariff were subsequently notified by the Fire Insurance Association, and the position at present is that dyeing departments where artificial heat is used for drying cloth will hereafter be rated as normal dyeing departments, and no extra premium will be charged for the use of artificial heat.

INSURANCE AGAINST WAR AND CIVIL WAR.

(See also pages 73 and 230 of Report for 1937.)

On page 73 of the last annual report of the Association, reference was made to an agreement reached between the British Insurance Association and the Committee of Lloyds to discontinue granting insurance covering risks on land of war and civil war. The immediate effect of the agreement, which had been made applicable to the Bombay Fire Insurance Association's area, was an amendment of the cover granted under that Association's Riot and Civil Commotion Tariff, the wording to be applied in future being :—

“ Loss or damage (by fire only) (or) (including fire loss or damage) directly caused by riots, strikers, locked-out workers and/or persons taking part in labour disturbances.”

The Committee held that the very great alteration in the extent of the cover given by the new wording apparently justified a considerable reduction in the rates charged for Riot and Civil Commotion risk as far as the cotton mills in India were concerned, and they suggested that the application of the amended wording be deferred pending consideration by the Fire Insurance Association of the reduction in rates which would be justified by the reduction in the cover.

The Bombay Fire Insurance Association subsequently framed the following alternative clauses for insertion in policies issued under the Riot and Civil Commotion Tariff with effect from March 31st, 1938 :—

CLAUSE A : *Covering fire damage only :*

“ Loss or damage by fire to the property insured directly caused by persons taking part in riots or civil commotions.”

CLAUSE B : *Covering fire and other damages :*

“ Loss of or damage to the property insured (including loss or damage due to fire or explosion) directly caused by persons taking part in riots or civil commotions or by strikers or locked-out workers or by persons taking part in labour disturbances or by persons of malicious intent acting on behalf of or in connection with political organisations ; also loss of or damage to the property insured (including loss or damage due to fire or explosion) directly caused by the action of any lawfully constituted authority in connection with the foregoing perils only.”

The position arising out of the alteration in cover was thereafter discussed between the Chairmen of the two Associations, but before arriving at final conclusions, an inquiry was addressed to the Fire Insurance Association asking whether loss or damage by fire to an insured property caused by the forces of the Crown or other persons engaged in suppressing or preventing a riot and civil commotion would be included in the cover granted under Clause A. It transpired that such loss or damage was not included under Clause A, but in accordance with a suggestion made by the Fire Offices Committee (Foreign), the Bombay Fire Insurance Association agreed to include such cover in Riot Fire policies (Clause A). The necessary amendments in the Tariff have since been notified to all fire insurance companies. (*Appendix 17.*)

PROPOSED INCLUSION OF "COTTON" UNDER THE
SCHEDULE TO THE AGRICULTURAL PRODUCE
(GRADING AND MARKING) ACT, 1937.

Towards the end of July, the Committee were requested to express an opinion on a suggestion made by the Indian Central Cotton Committee that the Government of India should be requested to include cotton in the Schedule under the Agricultural Produce (Grading and Marking) Act, 1937, so as to enable specified varieties of cotton to be protected under it.

It would appear that the question of adopting a definite cotton policy which would enable 1027 A.L.F.—a superior cotton grown in the Gujerat tract of the Province of Bombay—to obtain adequate premium for the superior quality of its lint, had been engaging the attention of the Indian Central Cotton Committee for a number of years. It was felt that the crux of the problem centred round the better marketing of 1027 A.L.F. cotton, and that, for this purpose, the Agricultural Produce (Grading and Marking) Act, 1937, should be utilised in order that this cotton might be marketed as a special type of Surat cotton. The intention was that once cotton was included in the Schedule to the Act, specified varieties of cotton produced in specified areas could be marked with a special mark, the unauthorised use of which would be illegal under the Act. Special rules under the Act would, of course, have to be framed to give effect to this.

The Committee agreed with the proposal made by the Indian Central Cotton Committee, but suggested that before any particular variety of cotton was sought to be protected under the Act, the Association should be given an opportunity of expressing its views thereon. (*Appendix 18.*)

PROPOSED MARKETING SURVEY OF COTTON IN INDIA.

Towards the middle of March, the Committee were requested to express an opinion on a proposed marketing survey of cotton throughout the country prepared by Mr. A. M. Livingstone, Agricultural Marketing Adviser to the Government of India. The survey, in brief, was intended to cover the production and marketing of cotton from the field to the mills,

or to a foreign market in the case of exports, including a study of the production and distribution of yarn so far as they had a bearing on the marketing of raw cotton.

The Committee agreed that a survey of the nature proposed would be of great utility as an aid to securing to the agriculturist full prices for the products of his lands by (i) improving marketing conditions, (ii) checking and controlling, if not eradicating, malpractices like watering and mixing, and (iii) giving cotton, particularly all improved varieties, a few distinct names such as would be readily understood by the trade.

As regards the details of the proposed survey, certain minor changes were suggested for incorporation in the scheme, and these are reproduced in *Appendix 19*.

COLLECTION OF STATISTICS OF ARRIVALS OF RAW COTTON INTO BOMBAY BY ROAD.

(See also pages 65 and 218 of Report for 1937.)

On pages 65 and 66 of the last report of the Association, reference was made to the support extended by the Committee to a suggestion made by the East India Cotton Association to the Government of Bombay in connection with the collection of statistics of arrivals of raw cotton by road into the City of Bombay. It would appear that Government were unable to undertake the compilation of these statistics until they possessed the necessary statutory powers to stop vehicles for the purpose and that the question of the form which such legislation should take was, therefore, being examined by them. As it was felt that the contemplated arrangement by Government might take some time to materialise, the East India Cotton Association decided to collect figures of arrivals of cotton into Bombay by road from members by requesting them to fill in a statement showing, by styles, their receipts of such cotton throughout the last season and also to fill in a similar statement regularly once a month. The question of supplying the requisite figures to the East India Cotton Association was considered by the Committee, at the instance of a member mill, and all members of the Association were recommended to comply with the request made by the East India Cotton Association. (*Appendix 20*.)

BETTER PRICES FOR LONG-STAPLE COTTON GROWN IN INDIA.

Towards the middle of October, the Committee were requested by the Indian Central Cotton Committee to express an opinion on certain suggestions made by Mr. Chellaram Shewram, Karachi, a member of that Committee. Briefly stated, it had been suggested that :—

- (a) Growers were not able to obtain sufficient prices for the new strains to compensate for the loss in yield per acre, the low ginning percentage and the low quality of seed. For instance, Mr. Chellaram

pointed out that Sind Sudhar, October/November/December deliveries, were selling on 17th August at Rs. 36 on Broach April/May f.o.r. Bombay.

- (b) Mills did not utilise quality cottons for the counts they were capable of spinning ; in other words, the suggestion was that these cottons were being utilised to spin yarn of lower counts than they were capable of spinning.

On the first issue, the Committee agreed that it might be taken as a general proposition, as far as Bombay or any other important manufacturing centre was concerned, that pure and good grade long-staple cottons always fetched full premiums as there was always a demand for such cottons ; in fact, in certain seasons of the year, very high premiums had to be paid owing to scarcity of supplies. Mr. Chellaram had stated in his letter that Sind Sudhar was being quoted at Rs. 36 on Broach for October/November and December deliveries f.o.r. Bombay. It was not clear whether this was the ruling quotation at Karachi or in any other centre in the cotton area, but it was found that the very same cotton was being quoted at about Rs. 40 to Rs. 45 on Broach, and it appeared that at one time it was actually sold at Rs. 50 on Broach. It was quoted in November at about Rs. 60 on Broach in Bombay. The Committee understood that 289F and other staple varieties were at present mixed with inferior cottons. If, therefore, staple cottons were to command full premiums, it was considered essential that they should be marketed pure, and the Committee expressed the hope that the Indian Central Cotton Committee would continue their efforts to prevent mixing and other malpractices which were known to exist in or about the areas where staple cotton was grown.

Mr. Chellaram complained about the low quality of seed, but this, the Committee held, was a matter which could be set right by the Indian Central Cotton Committee.

With regard to the second point raised by Mr. Chellaram, the Committee felt that it would be an uneconomical proposition for any mill in Bombay to utilise quality cotton in the manner suggested by Mr. Chellaram. Mr. Chellaram's contention appeared to be that the count of yarn usually spun by mills from such cotton was lower than the count which could be spun according to laboratory tests. In the opinion of the Committee, it was a well-known fact that laboratory tests all over the world always yielded better results than those obtained by the trade on account of the individual attention and better working conditions which could be obtained in the former. Another factor which had to be borne in mind was that the highly satisfactory results shown by the laboratory tests were often obtained by giving yarns an abnormally high number of turns per inch. The lower twisted yarns generally produced by mills to suit consumers' requirements for a "good covering" yarn could not, it was felt, satisfactorily be turned out without impairing their tensile strength unless there was a reasonable margin between the count of yarn spun and the extreme count of yarn which could be spun from any particular variety of cotton by inserting a high number of turns per inch. (*Appendix 21.*)

MORE LOOMS PER WEAVER SYSTEM IN INDIA.

Towards the middle of October, the Committee of the Association were invited to express an opinion on a proposal made by Lala Shri Ram that the Indian Central Cotton Committee should undertake experiments with a view to ascertaining the conditions under which it would be possible for one weaver to look after at least eight looms. Lala Shri Ram proposed that for the purpose of carrying out these experiments, the Indian Central Cotton Committee should allot a sum of Rs. 3 lakhs for preliminary expenses and a further sum of Rs. 50,000 to Rs. 70,000 for recurring expenditure for a period of five years.

The Committee agreed with Lala Shri Ram regarding the necessity of undertaking experimental work in this country in the direction indicated, but doubted, firstly, whether such experimental work would really fall within the functions of the Indian Central Cotton Committee and whether any portion of their funds could be devoted to it ; secondly, they felt that any research work on the lines indicated by Lala Shri Ram, carried out by the Indian Central Cotton Committee in their Technological Laboratory, would not be likely to have the same value, from a practical point of view, as tests and experiments constantly made under actual mill conditions. It was pointed out that work of this character was continually in progress in the cotton mill industry, but that progress had hitherto been hampered to some extent by the generally poor quality and staple of the Indian cotton crop. The Committee, therefore, strongly, urged that the Indian Central Cotton Committee, working in collaboration with the Agricultural authorities of the Provinces, should concentrate its efforts on improving the grade and staple of the cottons grown in the country. They also deemed it essential that long-staple cotton, wherever it was grown, should not be allowed to be mixed with inferior cottons, and should always be marketed in a pure condition. (*Appendix 22.*)

CONSUMPTION OF LOOSE (UNPRESSED) COTTON BY BOMBAY MILLS.

Towards the middle of May, the attention of the Committee was drawn to the wide discrepancy between the statistics of loose (unpressed) cotton consumed by mills in the City and Island of Bombay, as reported by the mills and as published in the Rail-borne Trade Returns. It appeared that on the basis of the returns furnished by mills under the Indian Cotton Cess Act, 9,000 bales of 400 lbs. each of ginned cotton were consumed in mills in the City and Island of Bombay during the year ending 31st August 1937. From the Rail-borne Trade Returns, however, it was found that only 149 bales of unpressed cotton (including half-pressed bales) were brought by rail into the City and Island of Bombay during the same period. It had been suggested to the Indian Central Cotton Committee that the difference might be due to samples taken out of pressed bales at Sewri being shown as unpressed cotton in the mill returns. If this was the case, then it was felt that it would result in such samples being accounted for twice : once under cotton pressed and again under "loose" cotton consumed. The Indian Central

Cotton Committee, therefore, inquired of the East India Cotton Association as to whether large quantities of samples in loose form were purchased from Sewri by mills in the City and Island of Bombay, and if so, what quantity was purchased during the year ending 31st August 1937; and whether any ready loose cotton (other than samples from pressed bales) was sold at Sewri. The East India Cotton Association, in their turn, requested the Committee of the Association to express an opinion in the matter.

From inquiries made amongst members, it appeared to the Committee that a number of mills in Bombay did purchase loose 'boras' made up from burst bales and Sewri samples. Although no exact figures were available as to the consumption by each individual mill, there was no reason to believe that the figures furnished under the Indian Cotton Cess Act were incorrect. The Committee were inclined to agree that in so far as the great bulk of unpressed cotton was concerned, it was being accounted for twice in the returns, but the total consumption of loose cotton was, in their opinion, so small compared with the total consumption of pressed cotton that they thought it unnecessary to ask for detailed figures from individual mills for past years. (*Appendix 23.*)

STAPLE LENGTHS FOR EAST AFRICAN COTTON.

(See also pages 46 and 200 of Report for 1936 and pages 59 and 207 of Report for 1937.)

The question of staple length of East African cotton has been discussed by the Committee on various occasions in the past, and it has consistently been held that the existing staple stipulation of $1\frac{1}{16}$ " "as ordinarily judged by the trade" for Uganda cotton was indefinite inasmuch as the buyers' and sellers' ideas of a described staple length naturally differed. A suggestion had, therefore, repeatedly been made during the last few years that the East India Cotton Association should adopt U.S.A. Staple Standards as the basis of staple length of East African cotton. When the subject was considered last year, it was decided that the Cotton Buyers' Association should continue to press on the East India Cotton Association the desirability of adopting U.S.A. Staple Standards at every available opportunity.

As the question of staple length of Uganda cotton for the ensuing season was likely to come up for early decision, the Cotton Buyers' Association took up the matter in June and stressed the desirability of the East India Cotton Association accepting the principle of fixing a definite staple standard for this type of cotton. The Committee endorsed this suggestion, and in a communication addressed to the East India Cotton Association in August, expressed the hope that it would be possible for them to adopt the proposal at least from the coming season. (*Appendix 24.*)

INSURANCE RATE FOR EAST AFRICAN COTTON.

(See also pages 67 and 220 of Report for 1937.)

On page 67 of the last annual report of the Association, reference was made to the efforts made by the Association to secure the removal of a

distinction drawn between Indian and East African cotton in the matter of fire insurance rates. In the opinion of the Committee, there existed a strong case for reviewing the present position and for permitting the storage of a limited quantity of American or African cotton in the same godowns as Indian cotton without the extra charge being made applicable to the latter.

The Fire Insurance Association pointed out, in reply, that they had decided to classify cotton bales for insurance purposes according to the density of the bale which, in their opinion, was the most important factor in the fire resistive qualities of a bale and also as regards resistance to water penetration.

The Committee were unable to agree that density of cotton bales constituted the most satisfactory method of fixing the rates of premium payable on various types of cotton and that the less dense the packing, the greater the risk by fire and water damage. In their view, it had not been demonstrated that, in actual practice, fire loss had been greater in the case of African Cotton than in the case of Indian cotton. The Committee held that the only satisfactory means of estimating the reasonableness or otherwise of a particular rate of premium was the actual claims experience, and on this basis, they considered it unreasonable to charge a higher rate of premium for African cotton than for Indian cotton.

Even if the claims experience had shown that there was some justification for a higher rate of premium in the case of African cotton, the Committee maintained that it was palpably inequitable to charge the higher rate of premium applicable to African cotton to the whole of the contents of a godown containing African cotton and other cottons. It was, moreover, difficult to arrange for separate storage accommodation for different types of cotton, if premiums were assessed according to bale densities, and in these circumstances, the Committee once again suggested a reconsideration of the matter by the Fire Insurance Association, if, on examination of the claims received in respect of African cotton, it was found that the loss experience was no greater than it had been in the case of Indian or Egyptian cotton.

At the instance of the Fire Insurance Association, the matter was subsequently discussed at a joint meeting of representatives of the two Associations, as a result of which the Fire Insurance Association agreed to class East African and Sudan cotton bales in the same manner as Indian and/or Egyptian cotton bales for rating purposes.

Advantage was also taken of this meeting for the purpose of discussing the following outstanding subjects in connection with the fire insurance of cotton mills :—

- (1) Scope of cover under the new riot and civil commotion clause.
- (2) Premium for night-shift working.
- (3) Fire insurance rates after the introduction of the new Insurance Act.

- (4) Use of cylinder drying machines in the dyeing departments of mills.
- (5) Regulations in regard to sprinkler installations.
- (6) Desirability of introducing a special rebate from premium on policies under which no claims had been made (*Appendix 25.*)

SAMPLE COTTON BYE-LAWS OF THE EAST INDIA COTTON ASSOCIATION.

Bye-law No. 112 of the East India Cotton Association, as amended early last year, read as under :—

“ All samples or loose cotton taken by the buyer and/or his representative whether for inspection and approval or after approval shall be duly weighed and a receipt shall be given for the same to the seller before removal from the Jaitha or godown.

The Board shall from time to time fix sample cotton rates which shall be final and from which no appeal shall lie and the buyer shall pay to the seller for samples drawn at the sample cotton rate so fixed in respect of the dates upon which the samples were drawn. Samples shall remain the property of the buyer, but in weighing over cotton, the buyer shall be entitled to an allowance from the weight of 1 lb. per 10 bales for samples and notwithstanding that he may have drawn more or less.”

The amended bye-law was considered by the Committee in July 1937, and it was decided that the Cotton Buyers' Association should be requested to look into the matter and submit a report thereon. The Association was subsequently informed that an understanding had been reached as a result of negotiations between the Buyers' Association and the Bombay Cotton Merchants' and Muccadums' Association according to which the sellers would not insist on the strict observance of amended bye-law 112, and that the question of rescinding the existing bye-law was engaging the attention of the Buyers' Association. In view of this understanding, no further action was taken by the Committee.

Early in February, the attention of the Committee was drawn to a notification issued by the Government of Bombay, Finance Department, according permanent sanction to bye-law 112. The Committee saw no justification for the existence of a bye-law which the parties themselves agreed not to adhere to, and they felt that the best way of giving effect to such an agreement would be by repealing the existing bye-law and adopting in its stead the old bye-law with any amendments which might be considered necessary. It was contended that if the Muccadums' Association conceded the principle that the buyer should not be made to pay for samples supplied to him by the seller—the proof of which lay in the fact that payment was not at the moment being insisted upon—there would appear to be no difficulty in securing the cancellation of this bye-law at a General Meeting of the East India Cotton Association, especially if the Buyers and Muccadums voted together. In the circumstances, the Cotton Buyers' Association were once again urged to secure the repeal of the new bye-law and the re-insertion of the original bye-law. It is understood that a requisition on these lines has since been submitted to the East India Cotton Association. (*Appendix 26.*)

CONTROL OF FORWARD TRADING IN THE BOMBAY PRESIDENCY.

Early in May, the Committee were invited to express an opinion on the subject of control of forward trading in the Province of Bombay in stocks and shares, cotton, and in commodities generally. It would appear that an examination of this problem by Government had revealed that the existing position was unsatisfactory and that if they were to exercise effective control over forward trading in the interests of the public, it might become necessary for them to amend the law. In brief, it appeared that Government were inclined to the view that forward trading in stocks and shares should be made illegal except when made through recognised associations, and that any wilful violation of the rules of such associations should be made punishable with fine and/or imprisonment. Government recognised that such an enactment should apply to the whole Province if it was to have any chance of success. At the same time, they realised that it was not a necessary implication that a close monopoly should be created, and that they would have to make sure that there was a fair field for all persons who might properly follow the profession of stock-broking, but it was felt that once it was decided which association or associations should be recognised, the penalty of illegality, as opposed to mere voidability, of contracts should be invoked.

The position regarding the commodity markets was that markets other than the cotton market were entirely unregulated. The cotton market was regulated under the Bombay Cotton Contracts Act, but here again, the penalty of mere voidability attached to contracts made in contravention of the Act and the rules thereunder had, in the opinion of Government, proved quite ineffective, for, while the recognised association was subject to rules sanctioned by Government, there were other associations which were left entirely unregulated, and Government had really no effective control over forward trading in Bombay. The question, therefore, arose whether it might not be necessary for Government to amend the Cotton Contracts Act and, of course, any other Act or Acts that might be passed for controlling forward trading in other commodities so as to make illegal contracts made except through recognised associations, and in accordance with the rules of those associations. Government realised, however, that for the success of such a measure, there must be a wide measure of public support, and before arriving at a decision on their policy on these questions, they desired to know the views of the public, more especially those of commercial associations on these and cognate questions.

The matter was carefully examined by the Committee who had also an opportunity of discussing the issues raised with representatives of the Bombay Chamber of Commerce and the Cotton Buyers' Association. The Committee were emphatically opposed to Government control of trade unless the trade itself desired it, or a position had arisen in which the trade had proved totally incapable of providing adequate and equitable trading facilities for all or any particular section of the trade.

General dissatisfaction had been expressed with the working of the various share bazaars of the Presidency. The Committee indicated that they

would welcome an improvement in their methods of working ; but until this had been achieved, they were unable to agree that it would be desirable to make contracts entered into with non-recognised associations illegal instead of merely void at law.

The Committee felt that it was not strictly correct to say that commodity markets other than cotton were entirely unregulated. In their view, forward transactions in gold, silver, rice, grain and seeds of various description and other commodities were regulated and controlled by various associations connected with the trade in these commodities. The Committee were unaware that any demand had been made by these associations, or by the general public, for the institution of any system of Government control, and in these circumstances, they were not inclined to favour the idea of regulation by legislative enactment.

Turning to the question of the control of forward transactions in cotton, the position was that contracts in Bombay and Salsette were void if they contravened the approved rules of any recognised association, and the only recognised association in Bombay City was the East India Cotton Association. The Committee were inclined to agree that it might be advantageous to have forward trading regulated on a uniform basis throughout the Province, and if possible, throughout India ; in other words, they agreed that all cotton associations should be made to conform to certain essential conditions, specified in a special Act or Acts and determined by an impartial Committee of Inquiry with wide terms of reference, after an examination of the methods of regulation and control at present in vogue in various countries of the world. It was understood that in the United States of America, forward trading in commodities was regulated by an Act passed by the Senate and House of Representatives known as the "Commodity Exchange Act." This Act apparently had application throughout the United States, and it did not confer a monopoly on any one association. The Government of Bombay appeared inclined to consider that, in Bombay City and Island or possibly in Salsette, the cotton trade should be controlled by one strong broad-based association. The Committee agreed that "unitary control" of the cotton trade of the City was an ideal to be aimed at. They preferred this ideal to be reached by voluntary agreement amongst all sections of the trade, without any resort to "penal" legislation, and they maintained that this "unity of control" might in time develop. If, however, it was the intention of Government to facilitate the control of the trade by one association, then the Committee maintained that a pre-requisite would be a constitution which provided for the representation of all the interests concerned in such a manner as would exclude the possibility of any particular section of the trade obtaining a controlling voice in the affairs of that association.

Another point which, in the opinion of the Committee, required investigation was the steps that could be devised to ensure that traders in cotton were guaranteed facilities for carrying on their legitimate business of buying, selling and hedging under all circumstances.

In conclusion, while the Committee favoured the idea of unity of control throughout India and were agreed that "unitary control" in Bombay was desirable, they were opposed to anything in the nature of a monopoly being granted by statute to any particular organisation or organisations. Unity of control should, in other words, spring from the desire and efforts of the trade itself, and the law should promote the formation and recognition of other associations in certain eventualities provided their constitution and rules complied with certain essential conditions of the nature indicated above. (*Appendix 27.*)

COTTON WASTE CONTRACTS.

Towards the end of 1937, the Committee were informed that the East India Cotton Waste Association had approached individual members of the Association with suggestions for an alteration in certain terms incorporated in mill tender forms and contracts for the sale of cotton wastes. The exact nature of the suggestions made were ascertained and considered by a special Sub-Committee, who met representatives of the East India Cotton Waste Association and came to certain tentative conclusions. Early in the year, the Committee recommended that all mills might adopt these agreed proposals as the basis of any discussions with their waste merchants and suggested that demands or concessions on matters not covered by these proposals should be referred to the Association.

The question was re-opened towards the middle of the year when the East India Cotton Waste Association put forward certain further proposals for the consideration of the Association. The matter was again discussed jointly by the special Sub-Committee of the Association with representatives of the East India Cotton Waste Association, and the following agreement was reached. It was understood that the terms of the agreement would, in the first instance, be made applicable to contracts entered into by member mills in the City and Island of Bombay and would remain unchanged for the future.

Demands made by the East India Cotton Waste Association.

1. Brokerage should be paid by the sellers to the brokers nominated by the buyers in the tender form.

Terms agreed to by the Association.

Where mills had their own brokers, such arrangements as might be considered necessary might be made to pay brokerage to mills' own brokers, but in other cases brokerage should be paid by the mills to the brokers named on the tender forms.

As regards the rate of brokerage, the Committee agreed that this should be :

Rs. 1 per candy on soft wastes ; and

As. 2 per cwt. on hard wastes,

irrespective of their value.

*Demands made by the East India Cotton
Waste Association.*

2. Boras should be free.
3. Sellers should agree to payments being made at the mills.
4. Actual tare should be allowed on all wastes irrespective of their value.
5. Buyers should be allowed to take delivery of wastes within three weeks after the acceptance of the tender.
6. The declaration of the result of the tenders should be made within 24 hours of the receipt of the tenders.
7. Tender forms must specify the quantities of waste offered.
8. Facilities for examination of waste offered for sale should be given at the mills and not at the offices in Fort.
9. The waste should be delivered in boras.

Terms agreed to by the Association.

Boras should be free, but mills should not be compelled to supply boras for waste of a lower value than Rs. 3 per candy.

Ordinarily, there would be no objection to payments being made for waste at the mills.

Allowances should be made for tare on actual average weight, and whatever weight was allowed, should be specified in the contract.

Ready Contracts.—The terms on tender forms, which usually specified from eight to fifteen days should remain unaltered, but ordinarily facilities should be given by mills up to twenty-one days.

IF DELIVERY WAS NOT TAKEN WITHIN TWENTY-ONE DAYS, THEN MILLS WOULD BE ENTITLED TO FORFEIT THE DEPOSIT AND SELL THE WASTE AT THE RISK OF THE MERCHANTS.

In the case of FORWARD CONTRACTS, successful tenderers should be informed that their tenders had been accepted within three days of the last date for tender.

In the case of READY CONTRACTS, successful tenderers should be informed that their tenders had been accepted within two days of the last date for tender.

As far as possible, the quantity of waste offered should be specified by the mills.

Generally, it would not be to the advantage of mills to provide facilities for examination of waste at their offices in the Fort, as this would mean selling wastes on sealed samples and might lead to claims which could not and would not arise if the bulk lying at the mills had been examined.

In the case of mills where facilities were at present given for inspection of samples at their offices in the Fort, the practice should be allowed to continue.

Wastes should be delivered in boras except where the cost of the wastes did not exceed Rs. 3 per candy.

*Demands made by the East India Cotton
Waste Association.*

10. The charges for bringing boras from the stack to the scales and weighing them should be borne by the mills. The purchasers would employ their own labourers to remove the boras after they had been weighed.

11. The maximum amount of earnest money should be Rs. 100.

12. In respect of sale of ready stock, the amount demanded as advance should not be more than 10 per cent. of the value of the waste allotted.

The advance so made should be given credit to at the time of the last delivery of the contracted waste and the earnest money refunded on the completion of the contract.

13. Quantity of ready waste sold should be declared in the confirmation letter and delivered in full to the purchasers.

14. In regard to FORWARD sales for periods over three months, the amount asked for as further deposit, inclusive of earnest money, should not be more than 15 per cent. of the value of the contracted waste. Half the amount of the said further deposit should be refunded at the time of delivery at the end of half of the contractual period.

15. In respect of FORWARD contracts, the mills should deliver and the purchasers should take delivery of waste 10 per cent. more or less than the quantity sold.

Terms agreed to by the Association.

This demand was agreed to.

A maximum of Rs. 150 per tender as earnest money was agreed to.

The deposit in the case of ready contracts should be fixed at 15 per cent. and this amount should be set off against the amount payable against the last delivery when a contract runs out.

Deposits must be lodged with the mills within 24 hours of the receipt of intimation by the waste merchant that his tender had been accepted.

The quantity of ready waste sold should be declared in the confirmation letter subject to an allowance of 5 per cent. either way.

Forward Sales.—The Committee agreed that the deposit should be fixed at 20 per cent. In the case of contracts covering a period of six months, half the deposit should be refunded to the buyer at the end of three months :

In the case of contracts extending over a period of twelve months, one quarter of the deposit should be refunded at the end of the third, sixth and ninth months :

Provided that delivery of the contract quantities had been taken and payment had been made.

Mills should not be made responsible for *bona fide* short-falls in production, but tenderers should not ordinarily be expected to take up more than 10 per cent. in excess of the contract quantities. It was also agreed that, ordinarily, at least 90 per cent. of the contract quantities should be delivered.

During the course of the negotiations with the East India Cotton Waste Association, the desirability of using uniform tender forms and contracts for waste transactions became apparent. Copies of the tender forms and contracts used by individual mills were called for and examined, and

keeping in mind the understandings reached with the Waste Association, the Committee came to the following conclusions :—

- (1) that tender forms should be separated from contract forms ;
- (2) that separate tender and contract forms should be used for ready and forward transactions, and
- (3) that mills in the City and Island of Bombay should use the standard contract forms recommended by the Association.

It was felt that every tenderer should be supplied with one copy of the tender form and two copies of the blank contract form. When submitting a tender, the tenderer would be required to complete the tender and also sign the contract in duplicate so that if his tender was accepted, the mill had only to inform him, sending him later a completed copy of the duplicate contract for his record.

Bearing these considerations in mind, Standard Contract and Tender Forms for Ready and Forward transactions in cotton waste were drawn up by the Committee, and recommended for adoption by all mills in Bombay as from the 1st January 1939.

It is understood that almost all mills have agreed to adopt the standardised Contract and Tender Forms prepared by the Association. (*Appendix 28.*)

INDO-BRITISH TRADE NEGOTIATIONS.

(*See also pages 53 and 205 of Report for 1936.*)

In the 1936 report of the Association, reference was made to the circumstances which led to the denunciation by the Government of India of the Trade Agreement entered into with His Majesty's Government in the United Kingdom at Ottawa on 20th August 1932, and to the appointment of a panel of Unofficial Advisers to assist the Government of India Delegation during the negotiations for the conclusion of a new trade agreement in replacement of that concluded at Ottawa. Discussions were subsequently initiated between the two Governments, and it was agreed that the Ottawa Agreement should continue in force, subject to termination at three months' notice by either party unless it was replaced by a new agreement.

It would appear that during the discussions in England in 1936, some of the Indian Unofficial Advisers representing cotton interests held conversations with representatives of Lancashire cotton interests on the possibility of a mutually satisfactory agreement in regard to the exports of Indian raw cotton to the United Kingdom and the imports of British piecegoods into India. The conversations were temporarily suspended pending fuller discussions of other aspects of a trade agreement between the two countries.

On the completion of this phase of the negotiations, the Government of India invited a Delegation consisting of representatives of the Lancashire textile industry to hold further discussions with the panel of Unofficial Advisers in Simla. They considered that it would be advantageous if, while these discussions were in progress, their Unofficial Advisers could have the benefit of the advice of all sections of the cotton manufacturing and cotton growing interests, and with this end in view, invited the Committee, early in May, to nominate two representatives who might be available in Simla for consultation by the Unofficial Advisers. The Committee accordingly appointed Sir H. P. Mody, K.B.E., M.L.A., and Sir Chunilal V. Mehta, K.C.S.I., to represent the Association at these negotiations.

The Delegation from Lancashire comprising Mr. Angus D. Campbell (Leader), Mr. Frank Longworth, Mr. James Littlewood, Mr. E. Raymond Streat and Miss Learmouth (Secretary), arrived in Bombay on the 6th May and proceeded to Simla on the same day. The official negotiations commenced on the 10th and went on for some days, but no agreement was reached and the discussions were formally discontinued on the 23rd. The Delegation returned to England on the 28th, but prior to their departure from Bombay, the Committee availed themselves of the opportunity of entertaining them at lunch.

It is understood that despite the failure to reach an agreement on cotton, the negotiations for the conclusion of a new trade agreement between India and the United Kingdom are being continued, but up to the time of writing the results have not been published. In the meantime, in accordance with the arrangement referred to above, the Government of India have given formal notice of the termination, with effect from the 31st March 1939, of the Ottawa Agreement.

INCREASE IN EGYPTIAN DUTIES ON COTTON TEXTILES.

Towards the end of April, the attention of the Committee was drawn to Press reports of an enhancement of the Egyptian customs tariffs on cotton yarn and piecegoods. It appeared that the new duties were more than double the old duties in the classes of goods which India exported to that country. The new duties would, it was feared, not merely diminish but were likely to put an end to the trade which India had latterly been able to build up in Egypt. Moreover, the Indian trade with Egypt had been developed at the expense of the Japanese cotton textile industry and not at the expense of the Egyptian mills, of which there were only two or three, and which not only were incapable of supplying Egypt's piecegoods requirements but whose production, owing to the quality of cotton produced in Egypt, was entirely different from the types of yarn and cloth shipped from India. In these circumstances, the matter was taken up with the Government of India, and in the course of a representation submitted in April, the Committee pointed out that the Indian cotton industry had for a number of years been attempting to build up an export trade in yarn and piecegoods, and that, latterly, some

little progress had been achieved in Egypt. The exports of piecegoods and yarn during the last six financial years were as under :—

TABLE I.

Quantity and value of cotton piecegoods exported to Egypt.

(Figures in thousands.)

				1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38. (11 months)
Yds.	..	..	..	3	4	13	394	13,307	22,464
Rs.	..	..	..	1	1	2	70	22,44	38,58

TABLE II.

Quantity and value of cotton yarn exported to Egypt.

(Figures in thousands.)

				1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38. (11 months)
Lbs.	..	..	..	529	262	164	435	645	1,033
Rs.	..	..	..	266	146	90	237	372	549

During the same period, India had been importing large quantities of Egyptian cotton for the production of fine count yarns and materials. The following table showed the quantity and value of raw cotton imported from Egypt :—

TABLE III.

Quantity and value of raw cotton imported from Egypt.

				1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38. (11 months)
Tons	..	..	..	9,135	6,068	16,911	15,484	18,546	26,254
Lakhs of Rupees	..	..	..	78	53	155	141	184	263

The average value of the imports of Egyptian cotton into India during the last six years had been very much greater than the values of cloth and yarn exported by India to the Egyptian market. On an examination of the total trade figures, it was found that India regularly imported more from Egypt than she exported to that country :—

TABLE IV.

Total value of merchandise imported from Egypt. ..

				1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38. (11 months)
Lakhs of Rupees	..	..	..	95	68	167	153	195	275

TABLE V.

Total value of merchandise exported to Egypt.

	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38. (11 months)
Lakhs of Rupees ..	109	115	125	124	133	130

In the opinion of the Committee, the development of a large export market was essential to the cotton textile industry of this country if India was to maintain her position as a cotton producing country. The cotton goods exported from India to Egypt consisted almost exclusively of yarn and cloth produced wholly from Indian short-staple cotton, and these goods did not compete with the goods produced from Egyptian cotton. A diminution in India's exports of cotton piecegoods and yarn to Egypt as a result of the revised tariffs would, therefore, still further accentuate the grave difficulties which had recently arisen in marketing certain of the lower grades of Indian cotton.

In view of the balance of trade position between Egypt and India as set out in Tables IV and V and having regard to the above considerations, the Committee urged that the Government of India should immediately enter into negotiations for a restoration of the old position in regard to the import duties on goods of Indian manufacture.

It was understood that the United Kingdom had already submitted to the Government of Egypt a protest against the raising of the duties, and the Committee suggested that if it was not practicable for India to enter into negotiations separately with Egypt, the Government of India might associate themselves with the protest made by the Government of the United Kingdom.

India's position in the Egyptian piecegoods market continued to deteriorate from month to month, and in August, the Committee once again stressed the need for early steps being taken by Government to secure a reversion to the scale of duties which prevailed before the recent revision.

The Committee were informed in September that the question of the increases in the Egyptian customs tariffs on textile goods had been discussed in London by the Hon'ble the Commerce Member with the Egyptian Prime Minister, but that there was no further development, of which any indication could be given at that stage. The Committee nevertheless felt that in view of the fact that the trade between the two countries had for the last few years been increasingly in favour of Egypt, the Government of India were in a strong position to bargain with that country in regard to the tariff increases which were bound to result in a considerable diminution of India's exports to Egypt. They, therefore, once again urged Government to take more positive action, and requested an indication of Government's intentions in this matter.

In the meantime, the attention of the Committee was drawn to a system of import quotas which appeared to have been introduced by the Egyptian Government for the imports of textile goods into that country. It transpired that the quantity of piecegoods which any particular country

would be permitted to export in any one year to Egypt would be based on the ratio which that country's takings of Egyptian cotton bore to the total exports of Egyptian cotton over a period of three years. The total extent of the quota was apparently to be limited to a quantity of about 100 million yards per annum, of which India would be permitted to export up to a maximum of 5.5 million yards. The Committee emphatically maintained that any arrangement such as that indicated above would be entirely one-sided and unacceptable to India, and that having regard to the general trade position between the two countries, India was entitled to demand a much larger and more equitable share of the Egyptian market for cotton goods. On the basis of the monthly trade statistics for the current year it appeared extremely improbable that India would be able to fill in even so small a quota as $5\frac{1}{2}$ million yards at the existing rates of duties. In other words, it was felt that any quantitative limitation of India's exports to Egypt, if it was to be of any advantage to the Indian cotton mill industry, would necessarily have to be accompanied by a reduction of the prohibitive rates of import duties at present levied to the levels which prevailed previous to 10th April, 1938. In the circumstances, matters were again represented to Government in November, and the Committee pressed the desirability of Government entering into negotiations with the Egyptian Government with the object of concluding a satisfactory bilateral trade agreement mutually beneficial to both countries.

It is understood that the Government of India are taking all practicable steps for the promotion of India's trade interests in the Egyptian market. (*Appendix 29.*)

IRANIAN MARKET FOR INDIAN TEXTILE GOODS.

(*See also pages 69 and 270 of Report for 1934.*)

On pages 69 and 70 of the report of the Association for the year 1934, reference was made to a representation submitted by the Committee stressing the desirability of the Government of India making representations to the Government of Iran with a view to secure the continuance of at least a portion of the export trade in yarn and piecegoods between India and Iran. Pointed mention was made of the considerable shrinkage which had taken place in India's exports of both cotton yarn and piecegoods to Iran by sea between the financial years 1928-29 and 1932-33.

An examination of the figures since 1932-33 revealed that the position still further deteriorated as would be evident from the following figures :—

TABLE I.

Exports of cotton yarn to Iran.

(Figures are in thousands.)

		1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39. (4 months)
Lbs.	..	3,654	4,349	1,538	8	..	14	<i>Nil.</i>
Rs.	..	20,42	23,62	8,24	4	..	6	..

TABLE II.

Exports of cotton piecegoods to Iran.

(Figures are in thousands.)

		1932-33.	1933-34.	1934-35.	1935-36	1936-37.	1937-38.	1938-39. (4 months)
Yds.	..	8,020	8,940	6,036	9,105	12,388	6,854	1,409
Rs.	..	18,25	18,09	12,69	16,33	18,06	11,54	2,03

The figures indicated that exports of cotton yarn had been almost completely wiped out, and in the case of cotton piecegoods, shipments which were maintained at an average of nearly 9 million yards in the first five of the financial years referred to in Table II, fell to 6.8 million yards in 1937-38, and the figures for the first four months of the current fiscal year indicated much lower shipments than ever before.

In short, India's cotton yarn exports had fallen from Rs. 30 lakhs in 1928-29 to the negligible figure of Rs. 14,000 in 1937-38, and in the case of piecegoods, the value of the shipments fell during the same period from Rs. 64 lakhs to Rs. 11½ lakhs. The almost complete loss of this natural market for her goods was, in the opinion of the Committee, a prospect which the Indian mill industry, and especially the Bombay section of it, could hardly view except with grave concern.

In these circumstances, the Committee submitted a further representation to Government in September stressing the urgent need of Government taking action with the object of ensuring for the Indian cotton mill industry a larger share of the Iranian market for cotton yarn and piecegoods than is at present accorded to it.

This matter was also touched upon in the course of the discussions which the General Purposes Sub-Committee of the Association had with the Secretary to the Government of India, Department of Commerce, during the latter's visit to Bombay in October, and from what transpired, it would appear that the Government of India held very little hope of obtaining any immediate concessions from the Iranian Government since the trade balance was in favour of India if the Anglo-Persian Oil Company's imports of oil were excluded from the trade returns. (*Appendix 30.*)

PROPOSED REVISION OF THE PRODUCTION AND IMPORT
STATISTICS OF COTTON PIECEGOODS AND YARN.

(See also pages 55 and 210 of Report for 1933.)

On page 55 of the report of the Association for the year 1933, reference was made to the views expressed by the Committee on certain proposals framed by the Government of India for the revision of the production and import trade statistics of cotton yarn and piecegoods, so as

to make the two sets of statistics more comparable than at present, as recommended by the Indian Tariff Board (Cotton Textile Industry) in 1927. In pursuance of their scheme, the Government of India appointed a Special Officer in March 1935 for the purpose of preparing a scheme of re-classification of cotton manufactures in the import and the production returns and directed him to examine the following matters :—

(a) Preparation of a skeleton scheme of classification for Indian mill production (spinning and weaving), the division into main heads and sub-heads being decided in consultation with representative producers and the classification drawn up so as to allow for expansion of Indian industry into new lines which were at present covered only by imports.

(b) Examination of the skeleton scheme in consultation with selected textile experts which should lead to the provisional conclusions on the classification of production.

(c) Preparation of a skeleton scheme of classification for imports of which the main heads would correspond with those of production classification scheme, the work being carried out in consultation with representative importers.

Early in July, the Committee were requested to express an opinion on a memorandum summarising the results of the investigations embodied in the report submitted by the Special Officer and the provisional conclusions reached by Government. Briefly stated, the recommendations made by the Special Officer appeared to call for very much more detailed information being submitted by mills every month concerning the production of grey and woven coloured goods in addition to detailed information at half-yearly intervals concerning the production of bleached, dyed and printed goods by dyeing, bleaching and printing establishments.

In the case of the import statistics, the existing heads and sub-heads of cotton yarn were reduced, keeping in view :—

- (a) the demarcation of the range of counts of yarn on which the protective duties had been based ; and
- (b) the relative position of the particular range of counts of yarn in the figures imported into the country.

As regards cotton piecegoods, the heads and sub-heads for classes whose imports were insignificant were eliminated by basing the nomenclature in the revised list on the derivative weaves subordinate to trade names.

The Committee were tentatively of the opinion that the classifications, as they stood, would not by themselves be sufficient to serve the main object which Government had in view, namely, to enable accurate comparisons to be made between the production and import statistics. At the same time, they framed an alternative scheme, and suggested that before the Association's views were finally forwarded to Government, the matter might be discussed jointly by the Director-General of Commercial Intelligence and Statistics with a special Sub-Committee of the Association who had examined Government's proposals. It was felt that such a meeting would enable the Sub-Committee to deal with certain matters arising from the Special Officer's report concerning the publication of detailed information regarding the

production statistics, and provide an opportunity for explaining verbally the reasons for the various changes which the Committee desired to make in the classifications recommended by the Special Officer.

At the instance of the Director-General of Commercial Intelligence and Statistics, the general position of the Association regarding the question of classification was informally discussed by the Secretary of the Association with the Director-General during his short visit to Bombay towards the end of the year, as a result of which an explanatory statement was furnished to him setting out in some detail the amendments proposed by the Committee to the scheme prepared by the Special Officer. It was pointed out that the Committee did not seek to alter substantially the main superstructure of the scheme framed by the Special Officer, but that the suggestions for re-alignment and re-grouping of many of the items constituting the different tables had been made, keeping in view :—

- (a) the desirability of preventing the recording of the same item in two or more statistical tables ;
- (b) the requirements of the trade ; and
- (c) the simplification of the work of the mill staff.

It was also indicated that the suggestions put forward by the Committee were of a tentative character, but that they would have no objection to have these examined and commented upon at the instance of Government by other commercial and industrial organisations of the country if Government would give the Association an opportunity of re-examining the whole problem in the light of the observations and criticisms received from the organisations consulted. (*Appendix 31.*)

TEXTILE LABOUR INQUIRY COMMITTEE.

(*See also pages 44 and 180 of Report for 1937.*)

Interim Report.—An event of outstanding importance during the year under review was the publication in February of the Interim Report of the Bombay Textile Labour Inquiry Committee dealing with the question of an immediate increase in the wages of cotton mill workers in the Province. The Inquiry Committee held that it was obligatory on them to submit a report on the second of their terms of reference, namely :—

“ To report whether, in view of the present condition of the Industry, an immediate increase in wages can be given in any occupation, centre or unit of the industry pending the conclusion of the Committee’s work and the preparation of its report and to make recommendations in this behalf.”

They considered that the term “ present ” used in this term of reference should be such a period of time as would clearly reflect the ability of the industry to afford an increase in wages. They were of the opinion that a study of the conditions of the last six months in the light of the history of a

few previous years and in relation to such future trends as they could justifiably forecast, was sufficient to determine whether “in view of the present condition of the industry,” an immediate increase in wages could be given. The Committee, moreover, held that the material placed before them was sufficient to enable them to gauge the present condition of the industry.

After an examination of the problem in the light of these considerations, the Inquiry Committee came to the conclusion that the condition of the industry had decidedly improved in the year 1937, that it had emerged out of the period of depression and that the profit-making capacity of the industry as a whole had increased. The wages of the workers employed in the industry had been subject to various cuts in recent years and the main reason advanced for these cuts was the depression. This having been lifted, the Inquiry Committee were of the opinion that an increase in the present level of wages was justified. They, therefore, recommended increases in wages as shown in the following schedule :—

<i>Category of earnings.</i>	<i>Rate of increase.</i>
Below Rs. 13-8	.. 3 annas in the rupee.
Rs. 13-8 and below Rs. 25	.. 2½ annas in the rupee.
Rs. 25 and below Rs. 35	.. 2 annas in the rupee.
Rs. 35 and below Rs. 40	.. 1½ annas in the rupee.
Rs. 40 and below Rs. 75	.. 1 anna in the rupee.
Rs. 75 and over	.. Nil.

In a resolution published simultaneously with the Interim Report, Government accepted the recommendations of the Inquiry Committee and recommended to the millowners that the proposed increase should be introduced with effect on the wages due for the month of February or for the last pay period of the month of February. It was suggested that the conclusions and recommendations of the Committee had been made after a searching inquiry, and that, in the view of Government, they were entitled to the weight and authority which should be attached to the award of an Industrial Court or a Court of Arbitration. Government were, therefore, of opinion that the recommendations as they stood should be carried out and accepted both by employers and labour.

The recommendations made by the Inquiry Committee were considered in conjunction with the decisions arrived at by the Government of Bombay at an urgent general meeting of members of the Association held on the 3rd March 1938, when the following resolutions were adopted :—

Resolution No. 1.

Resolved that having carefully considered the Interim Report of the Textile Labour Inquiry Committee and Government's resolution thereon, the Association is of opinion that it would fail in its duty to the industry, to the Government, and the country, if it did not invite attention to the fact that the Interim Recommendations of the Committee of Inquiry will impose a very heavy burden on the cotton textile industry of this Province.

“The Association's considered opinion is that the Interim Recommendations for wage increases are unjustified, based, as they have been, on assumptions and theories and hypothetical and problematical estimates.

“ In these circumstances, the Association authorises the Committee to consult and take such further joint action with the Ahmedabad Millowners' Association as may be necessary or desirable in connection with the Interim Report of the Inquiry Committee and any social legislation contemplated by the Government of Bombay which might impose additional financial burdens on the industry.

“ Nevertheless, in view of Government's Resolution, the Association recommends that the wage increases specified in the Interim Report should be accepted for the time being by members of the Association in the Bombay Presidency and be given effect to from the date specified in the Government Resolution.”

Resolution No. 2.

“ Resolved that a copy of the foregoing resolution be forwarded to the Government of Bombay for information.”

In accordance with the terms of the resolution, a representation drawing attention to the fallacies and assumptions on which the Inquiry Committee had based their proposals for wage increases was drawn up jointly by the two Associations and forwarded to Government early in April. After giving expression to the dissatisfaction felt by members of the two bodies in regard to the interim recommendations of the Inquiry Committee and Government's hasty decisions thereon, the representation went on to set out facts and figures indicating the highly problematical assumptions of the Inquiry Committee on such matters as the future trend of cotton and cloth prices, greater demand, purchasing power, etc. It was contended that the optimistic forecast of the Inquiry Committee in these matters had been unjustified by events; and that the recommendations were based on wrong premises and insufficient data. In view of the very undesirable repercussions which the findings of the Inquiry Committee would have on the mill industry of the Province, it was urged that Government should revise their decisions in the matter and take such steps as might be necessary to ensure that no further burdens were imposed on the industry.

Unfortunately for the industry, however, Government regretted their inability to modify their orders, but indicated that the facts mentioned in the joint representation would be considered by the Inquiry Committee which was in possession of the representation.

Towards the middle of the year, Mr. Jairamdas Daulatram, Chairman of the Inquiry Committee, resigned for reasons of health, and Government subsequently notified the appointment of the Hon'ble Mr. Justice H. V. Divatia as Chairman of the Committee. The Inquiry Committee, as re-constituted, assembled in Bombay early in October, and the Association was called upon to submit its replies to the supplementary questionnaire at an early date. A special Sub-Committee consisting of the Chairman, Deputy Chairman, Sir H. P. Mody, Mr. S. D. Saklatvala, Mr. F. Stones, Mr. Dharamsey Mulraj Khatau, Mr. Neville N. Wadia and Mr. A. D. Walwyn, was appointed to continue the work of preparing the Association's answers to the supplementary questionnaire. The draft answers prepared by this Sub-Committee to questions 18 to 76 were approved by the General Committee and forwarded to the Inquiry Committee in November, along with the answers submitted by individual member mills to the technical questions

1 to 17 (excluding question 15). Oral evidence before the Inquiry Committee on the points raised in the questionnaire was tendered by the Chairman, Deputy Chairman, Mr. F. Stones, Mr. Dharamsey Mulraj Khatau and Mr. T. Maloney.

The inquiry was still proceeding at the end of the year. (*Appendix 32.*)

RENT ENQUIRY COMMITTEE.

In April, the Government of Bombay appointed a Committee, consisting of the following members, to advise them on the question of rentals of premises occupied by the working and middle classes in the cities of Bombay, Ahmedabad and Sholapur :—

Mr. Mathooradas Tricumjee (*Chairman*).

Mr. S. K. Patil, M.L.A.

Mr. D. N. Wandrekar, M.L.A.

Mr. Bhogilal Dhirajilal Lala, M.L.A.

Mr. M. M. A. Bhaiji, M.L.A.

Prof. S. G. Beri.

Mr. G. B. Soparkar, Senior Assistant Consulting Surveyor to Government (*Secretary*.)

The terms of reference to the Committee were :—

- (a) to examine whether the conditions and rentals of premises occupied by the working and middle classes in the cities of Bombay, Ahmedabad and Sholapur were such as to require legislative intervention, and
- (b) if so, to suggest the nature of the required legislation, and
- (c) to report on such other matters as might be germane to the points referred to in (a) and (b) above.

Towards the end of May, with a view to ascertaining, among other things, the relation between the rent and income of a working class person, the Chairman of the Rent Enquiry Committee requested the Committee to furnish information on the following points :—

- (1) the different grades of income workmen earned ;
- (2) number of workmen in each grade ;
- (3) the number of workmen of each grade housed in millowners' chawls ;
- (4) the amount of rent charged ; and
- (5) any other information that might be considered useful in this connection.

In regard to the earnings of the various classes of mill workers, the Committee drew attention to the results of the Wage Census conducted by the Labour Office in October 1934 and published in 1937. That report gave a fairly accurate picture of the wages earned by various classes of workers at that time, but at the same time it was added that the number of workers employed in rationalised occupations had materially increased since the data on which the report was based was collected and that, in consequence of this, the number of workers in the higher income groups had risen correspondingly. Moreover, since the month of February, the wages in all occupations had been greatly increased as a result of the adoption of the Textile Labour Inquiry Committee's interim recommendations.

As regards the numbers employed in various income groups, the Committee were not able to supply up-to-date figures. Some light was thrown on this subject by the 1934 wage census, but this information had become somewhat out of date and misleading.

The total number of tenements provided by mills in Bombay for their employees, excluding clerical and managerial staff, was just under 5,000, but it was not possible to state accurately the total number of persons residing in these chawls. The Committee maintained that the ratio between rental and income could only be determined with reasonable accuracy by following a procedure similar to that adopted by the Labour Office in family budget inquiries. The last Family Budget Enquiry made by the Labour Office for the City of Bombay related to the period September 1932 to June 1933. It was pointed out that conditions had changed to some extent since that time and that the Inquiry then made related only to working class families of whom a large proportion found employment in the cotton mills of the City and Island. It was also indicated that the Labour Office method of approach which, in the opinion of the Committee, was the only true method of ascertaining the relationship between rental and income, took into consideration the income of the household as distinct from that of the individual.

It appeared that the rents charged by mills varied between Rs. 2 and Rs. 5 per tenement, but in a few exceptional cases where the tenements consisted of two rooms or where they were particularly large, the rents charged might be above Rs. 5, and in most cases the rents charged by mills were below the economic rent for the accommodation provided. In general, it was maintained that the accommodation provided by mills was superior to that provided by private landlords.

At the same time, the Committee drew the attention of the Enquiry Committee to two or three matters which required to be borne in mind in any consideration of the problem of housing in so far as the City and Island of Bombay was concerned: firstly, the very heavy contribution already made by the cotton mill industry of the City to the Industrial Housing Scheme sponsored by the Government of Bombay; secondly, the visibly increased building activity in the city and suburbs during the last few years would, in their opinion, automatically tend to remove the cause of high rents, whereas any attempt to regulate rents by legislative action might have a contrary effect; and, thirdly, the attempts being made by the Government

of Bombay to encourage the lower middle and working classes to go and live in the Development Department chawls built under the original Industrial Housing Scheme, by means of suitable improvements which were estimated to cost about Rs. 10 lakhs.

The Committee, in conclusion, stressed once again the need for a detailed investigation similar to that made by the Labour Office in 1932-33 before any attempt was made to arrive at conclusions as to the rentals paid by the working and middle classes and the relationship which those rentals bore to income.

On the invitation of the Enquiry Committee, a small Sub-Committee consisting of Mr. Krishnaraj M. D. Thackersey, (Acting Chairman), Mr. H. F. Milne (Deputy Chairman) and Mr. T. Maloney (Secretary) gave oral evidence before the Committee early in 1939 on behalf of the Association. (*Appendix 33.*)

BOMBAY INDUSTRIAL DISPUTES BILL.

In the course of a Press *communiqué* issued in August 1937, soon after their assumption of office, the Government of Bombay announced their policy regarding industrial legislation as under :—

“With regard to trade disputes, Government are determined to pursue an active policy with a view to maintaining industrial peace in the Presidency, endeavouring all the time to see that the workers obtained a fair deal. It is the intention of Government to promote legislation aiming at the prevention of strikes and lockouts as far as possible. The basis of this legislation would be the requirement that no reduction in wages or other changes in conditions of employment to the disadvantage of the workers should take effect till they have had sufficient time and opportunity for having the facts and merits of the proposed change examined and all avenues of passive settlement of the dispute explored either through the channel of voluntary negotiation, conciliation or arbitration or by the machinery of the law. A corresponding obligation would rest on the workers in respect of demands on their behalf.”

The programme of social and labour legislation which Government proposed to initiate was subsequently discussed at a series of informal conferences between the Honourable the Prime Minister and other officials of Government and representatives of the Association. It appeared that Government considered it most urgent to deal with the prevention of industrial disputes, and particularly lightning strikes, and had in mind a Bill on the Canadian model. The need for consultation on the draft measure with the various interests affected by the proposed legislation was stressed by representatives of the Association, and towards the end of February, the Committee were invited to express an opinion on the provisions of a “Bill to aid in the prevention of strikes and lockouts and to promote the amicable settlement of trade disputes in factories and other industrial establishments” which Government proposed to introduce in the Budget Session of the local Legislature.

Briefly stated, the Bill aimed at the promotion of the organisation of workers into unions and sought to confer certain rights on various types of unions in connection with representations on behalf of workers. It contemplated the appointment of Labour Officers and Conciliators for different areas or industries and to set up elaborate machinery to ensure that the grievances of workers or any alterations in their conditions of service were fully considered. Strikes and lockouts were, therefore, made illegal until the whole of the machinery provided for by the Bill for discussion and negotiation had been made use of. The Bill aimed at conciliation proceedings immediately a dispute was likely to occur by providing that an employer or a workman who desired to make a change in wages or hours or other conditions of employment must give notice of his intention to do so to the prescribed authorities, and no change could be effected until the machinery of the Bill had functioned to the fullest extent.

In areas and in industries where no recognised unions existed, preliminary discussions would be conducted by the Labour Officer and the Conciliator, but no interference was contemplated in industries and centres where employers and unions had an approved arbitration machinery.

The Committee welcomed what appeared to be one of the main objects of the Bill, namely, the prevention of hasty and ill-considered strikes and lockouts. They were also inclined to agree as to the desirability of according special privileges to unions which had been registered as recognised by employers and still further privileges to recognised unions with an approved arbitration procedure. They were also in favour of the idea of making certain classes of agreed decisions applicable to the whole of an industry in a particular centre, but only if those decisions had been accepted by an employers' association representing at least seventy-five per cent. of an industry in a particular centre or by seventy-five per cent. of the individual employers in the industry concerned in agreement with a recognised union or unions and that the employers and employees in the establishments not originally covered by the agreement or agreements were given the right to appeal to an appropriate authority.

The Committee failed to appreciate the need for elaborate distinctions being drawn between vertical and horizontal unions. In theory, they preferred to negotiate with occupational unions in preference to general unions owing to the more expert knowledge which the executive of an occupational union would have of that particular occupation. It was, at the same time, recognised that the ideal trade union organisation for any particular industry of any considerable magnitude would be a federation of occupational unions and that this type of organisation, if representative, should have preference over any other type of organisation when the question of approving an arbitration procedure for an industry was under consideration by the Minister.

Clause VIII provided that both employers and workmen who desired any changes in wages, hours of work and other conditions of employment should give notice of the proposed change to the other party. Thirty days' notice had been prescribed for any intended or desired change in wage

rates or hours of work and fifteen days' notice of any change in the other conditions of employment set forth in a special schedule appended to the Bill which included:—

- (1) Reduction or increase in the number of persons employed or to be employed in any department or departments.
- (2) Dismissal of any worker except in accordance with legal or customary requirements or as provided for in the rules or standing orders framed under Section VIII-A of this Act as to notice.
- (3) Introduction of rationalisation or other efficiency systems of work.
- (4) Starting, alteration or discontinuance of shift working.
- (5) Withdrawal, or granting of recognition to unions of workers.
- (6) Withdrawal of any customary concession or privileges or change in usage, and
- (7) Introduction of new rules of discipline or alteration of existing rules and their interpretation.

The Committee suggested that the notice in the case of both wages and conditions of work should be the same, namely, fifteen days, provided the schedule was satisfactorily amended. The idea of the schedule was perhaps to distinguish between disputes of a major and minor character and to provide for notices of changes being given in the more important cases. In order to prevent the adoption of delaying tactics in certain instances and to safeguard certain well recognised rights of employers in the matter of management and administration of their concerns, they suggested the following modifications in the schedule :—

Item (1) : Reduction or increase in the number of persons employed or to be employed in any department or departments.

Certain types of reductions and increases in the number of workers employed in a mill were inevitable, and it was felt that they should not need to be the subject of negotiation before changes could be effected. The Committee, therefore, suggested that the intention of the framers of the Bill would be better met by dividing up this item into two parts :—

- (a) Reductions in the number of persons employed or to be employed, intended to be of a permanent or semi-permanent character not due to changes in the character or volume of production and not due to *force majeure*.
- (b) Requests by a recognised union or by Government Labour Officer for permanent or semi-permanent increases in the number of persons employed or to be employed in any department or departments.

Item (4).—Starting, alteration or discontinuance of shift working.

While recognising that there might be some justification for a demand for notice in the event of changes in certain essential conditions governing shift working, the Committee held that it would be totally unfair to make it impossible for an employer to start or discontinue night-shift working without entering into negotiations with his employees which might be prolonged to a period of six months. The Committee, therefore, urged that this item should be removed from the schedule.

Item (5).—Withdrawal or granting of recognition to unions of workers.

In the opinion of the Committee, this item appeared to be inconsistent with Clause III of the Bill which granted the employer the right to recognise or not to recognise a union. As far as withdrawal of recognition was concerned, it did not appear to be an appropriate issue for inclusion in the schedule, as the Bill itself provided that recognition of a union would be withdrawn in certain contingencies and as it would not also be advisable to disturb the existing freedom which an employer had, and should have, as to whether he would recognise or would not recognise a particular union and the terms and conditions on which such recognition should be accorded.

Item (7).—Introduction of new rules of discipline or alteration of existing rules and their interpretation.

The Committee desired the last three words of this item, namely, “and their interpretation” to be deleted. They maintained that the interpretation of Standing Orders of mills should, in the interests of discipline and good management, rest with the employer.

Clause VIII-A of the Bill provided that every employer covered by this Act should prepare and submit for the approval of such authority, as might be prescribed, rules or standing orders regulating the relation between him and his workers with regard to discipline and cognate matters and that any dispute with regard to the interpretation of the approved rules or standing orders or any of them and any demand for the redress of any grievance or grievances in connection with any other matters not provided by these rules should be deemed to be a trade dispute within the meaning of the Act and as such should also be subject to the notice required in Clause VIII(i) and to the conciliation and/or arbitration procedure provided for in the Act. The Committee pointed out that with suitable amendments Clause VIII-A would be the appropriate vehicle for dealing with questions concerning the interpretation of standing orders and other types of disputes not included in the schedule.

Clause VIII-A was presumably intended to lay down means whereby any type of dispute could be dealt with by the conciliation or arbitration

machinery provided in the Bill. The Committee held that the clause, as worded, would be unworkable and urged its modification as under :—

“ Any dispute with regard to the interpretation of any such rules or standing orders, and similarly any demand for the redress of any grievance not specified or covered by Schedule I may be deemed to be a trade dispute within the meaning of the Act and such dispute shall be dealt with by the conciliation machinery provided in the Act.”

It appeared that Clause VIII(i), which laid down that both employers and workmen should give notice of any intended or desired change in wages and wage rates or hours of work and all changes in other conditions of employment as specified in the schedule, had been based on the Canadian Industrial Disputes Investigation Act. That Act provided for notices being given when changes were desired in wages or hours of work only, and the Committee felt that in the first instance, it would be very desirable not to go much beyond the Canadian model in so far as the schedule was concerned, more particularly as non-inclusion in the schedule would not in any way prevent any dispute not covered by the schedule from being fully investigated. It was, at the same time, suggested that a provision might be made in the Bill for an extension from time to time of the types of disputes covered by the schedule so long as the items to be included were the results of the joint recommendations of representatives of employers' associations and representative unions.

Clause X (6) prescribed that an employer who had failed to appoint a delegate to conciliation proceedings would, on conviction, be punishable with fine which might extend to Rs. 100 and with further fine which might extend to Rs. 100 for every day on which such failure or refusal continued after the date of the first conviction, but no penalties were apparently to be imposed on recognised unions which committed the same offence. The Committee were very strongly of the opinion that if monetary penalties were imposed on employers for the offence, a similar penalty should also be imposed on recognised unions.

Sub-Clause XXI (3) laid down that where an agreement or award applied to a representative section of any industry in any particular centre, such agreement or award should be considered as applying to the whole of that industry in that centre, and it was further specified in Sub-Clause (5) that all agreements and awards given under an approved arrangement between a recognised union with an approved arbitration procedure and the employer or employers concerned had the same force as an agreement entered into or award given under this Act and all such agreements and awards would operate to the exclusion of those entered into or given outside the Act. It was felt that, in certain matters, for example, rationalisation, individual cases must be considered on their own merits. The Committee, therefore, considered it desirable, at any rate in the early stages of this legislation, to restrict the application of Sub-Clause (3) to agreements concerning hours, wages and wage rates, and rules of discipline. They further urged that any agreement or award should not become applicable to the whole of an industry unless that agreement or award already bound or applied to 75 per cent. of the employers concerned and a recognised union, and that those employers or workers not directly bound by the agreement or award should have a right of appeal.

Clause XXII made it unlawful for any employer to declare a lockout or for any workman to go on strike unless a notice desiring a change in conditions had been given in accordance with the provisions of this Act and until such time as the conciliation machinery provided for in the Act had failed to bring about a settlement of the dispute. Strikes and lockouts during the period for which agreements and awards were to be in operation or until the periods to be covered by notices terminating such agreements and awards had expired were also made illegal.

Clauses XXVI to XXXV prescribed the penalties for the various offences referred to in the Bill. An employer who was responsible for an illegal lockout was liable to a fine of Rs. 5 per day for every workman locked out by him and was further liable to pay compensation to the workers for loss of wages, but an operative who struck work in contravention of the provisions of the Act was only liable to a fine equal to a day's wage for every day such workman continued to remain on strike. A union or association or any person who incited or aided in the declaration and maintenance of a strike or lockout would be liable to a fine not exceeding Rs. 1,000.

While the Committee were not opposed to a reasonable fine being imposed on an employer who declared or caused a lockout in contravention of the provisions of the Bill, they suggested that it should be clearly brought out that the offence must be wilful and deliberate and that the penalty should not in any event exceed Rs. 1,000 and that the compensation per worker should not exceed an amount equivalent to the wages which would have been due for the period had no stoppage of work taken place subject to a limit of eight days where a lockout continued for a longer period.

On the basis of the criticisms received on the draft Bill, Government published their revised proposals towards the end of July. The essential structure of the Bill was retained unaltered, but in one important respect, fresh ground was broken : the Bill provided for the setting up of an Industrial Court presided over by a High Court Judge or a lawyer qualified to be a High Court Judge. It was proposed that this Court should act as a tribunal for voluntary arbitration on matters submitted to it by the parties to disputes, and also function as the final Court of Appeal in numerous cases arising out of the working of the Act.

The provisions of the new Bill were carefully examined by the General Committee, and under their instructions, the General Purposes Sub-Committee drafted a list of amendments which, it was considered that Mr. S. D. Saklatvala, the Association's representative in the Legislative Assembly, might move when the measure was discussed by that House.

The Bill was introduced in the Legislative Assembly on the 2nd September, and in view of its vital bearing on the existing relations between capital and labour, was keenly debated in both Houses of the Legislature. No fewer than 457 amendments were tabled by representatives of capital and labour, and some labour members vehemently opposed the measure. The Bill was, however, ultimately passed in substantially the same form in which it was originally introduced by Government.

The detailed criticisms of the Committee on the draft Bill will be found reproduced in *Appendix 34*.

BOMBAY DISTURBANCES INQUIRY COMMITTEE.

Reference has been made above to the opposition of some members representing labour in the Provincial Legislature to the provisions of the Bombay Industrial Disputes Bill, 1938, which was passed by the Legislative Assembly on 4th November. Some of these leaders, both in Bombay and outside the Province, attempted to organise a general strike in all the industries in the Province on the 7th November 1938, as a mark of protest against the passage of this Bill by the Legislative Assembly. As a result of the partial strike which took place in the cotton mills in Bombay City, serious disturbances broke out and in order to restore peace and order, the police were compelled to resort to *lathi* charges and firing. Soon after the disturbances, Government appointed a Committee of Inquiry comprising :

The Honourable Mr. Justice H. J. Kania, Judge, High Court, Bombay
(*Chairman*),

Mr. V. F. Taraporewala, Bar-at-Law, Ex-Judge, High Court, Bombay,
Ex-Advocate-General, Bombay.

Mr. M. C. Chagla, Bar-at-Law,

Mr. H. K. Chainani, I.C.S. (*Secretary*),

to make a full inquiry into all the facts relating to the said disturbances and the precautionary measures and the action taken by the authorities. The Inquiry Committee subsequently framed a questionnaire, and requested the Committee to answer all or any of those questions on which the Association was interested or had special knowledge.

All member mills in the City and Island of Bombay were consulted, and on the basis of the information received, a consolidated answer to the questionnaire was framed by the Committee and submitted to the Inquiry Committee. A number of suggestions were also made by the Association for the prevention of such disturbances in future. On the invitation of the Inquiry Committee, the undermentioned members of the Association also tendered oral evidence on matters arising out of the written answers submitted by the Association :

Mr. Krishnaraj M. D. Thackersey (<i>Chairman</i>)	} On behalf of the Association.
Mr. H. F. Milne (<i>Deputy Chairman</i>)	
Mr. T. Maloney (<i>Secretary</i>)	
Mr. R. G. Gokhale (<i>Labour Officer</i>).	
Mr. J. Hunt, Weaving Superintendent, E. D. Sassoon Group of mills.	
Mr. Ezekiel D. Musri, Weaving Master, Elphinstone Mills.	
Mr. J. A. Sutton, Manager, Kohinoor Mills.	
Mr. W. Hargreaves of the Spring Mills.	

A number of workers employed in various mills in the City were also examined by the Inquiry Committee orally.

The report of the Committee was published in February 1939. From the evidence recorded, the Committee came to the conclusion that the origin of the disturbances was to be traced to the combination of the communists who controlled the Bombay Provincial Trade Union Congress and the Independent Labour Party in the Bombay Legislative Assembly on an anti-Congress platform and the incitement by the leaders of these parties to violence to make the strike successful. The Committee found that the disturbances started only when the leaders and the strikers realised that the strike was a failure and that all their preparations and intensive propaganda to make the strike successful had proved futile. As the strikers had been told to make the strike successful by any and every means at their disposal, when peaceful methods failed, violence was naturally resorted to.

As regards the police arrangements for the day, the Committee came to the conclusion that, taking into consideration the policy of Government, of leaving alone the strikers and their leaders and permitting them to do what they liked so long as there was no breach of the peace or any acts of violence, they were satisfied that the authorities took such precautionary measures to meet the situation as could be reasonably foreseen by them.

Referring to the *lathi* charges by the police, the Committee found, on a consideration of the general rowdyism and acts of hooliganism perpetrated by the crowds, that the extent of injuries appeared on the whole to be extremely slight, thus showing that the *lathi* charges were not at all serious.

Discussing the evidence regarding firing by the police near the Elphinstone and Spring Mills, the Committee recorded the opinion that the firing resorted to by the police was entirely in self-defence, and that the violent attitude and actions of the crowds, who had been incited and inflamed by the speeches and writings of and the propaganda carried on by the members of the Council of Action, were solely responsible for the firing. (*Appendix 35.*)

BOMBAY SHOP ASSISTANTS' BILL.

(*See also page 84 of Report for 1935.*)

In the Association's report for 1935, reference was made to a Bill introduced in the Bombay Legislative Council by Mr. R. R. Bakhale to prohibit the employment of children and to limit the hours of work of young persons in shops and to provide for their early closing. The Association's representative in the Council was authorised to support the principle of the Bill if it could be given practical effect without great disadvantage to the general public. The Bill was subsequently dropped as it failed to secure the requisite majority in the House.

Towards the middle of March in the year under review, the Committee were invited to express an opinion on the provisions of a draft Bill to regulate the hours of work of shop assistants and commercial employees and for certain other purposes which Government proposed to introduce in the Legislative Assembly. This Bill was more or less similar in its objectives to the one previously referred to. Briefly stated, it applied to employees in shops, commercial establishments and hotels, etc., and provided :—

I. *Hours of work.*—That hours of work should be limited to :

- (a) 9 hours per day in shops ;
- (b) 9 hours per day or 54 hours per week in commercial establishments ; and
- (c) 9 hours per day in hotels.

These restrictions were subject to relaxation under special circumstances. The period of work was to be so arranged that, along with the intervals of rest, they should not spread over more than 12 hours in the day.

II. *Intervals for rest.*—Every employee should be given an interval of at least one hour per day and no employee should be worked for more than six hours without an interval of at least half an hour.

III. *Holidays.*—Every employee should be entitled to at least 52 paid holidays in a calendar year, of which at least four should be given in every month. Where a person was employed on a holiday notified under the Negotiable Instruments Act, he should be compensated with an extra holiday.

IV. *Employment of Children.*—

(a) No children under the age of 12 should be employed in any shop, commercial establishment or hotel ; provided, however, that any child who was already so employed when the Bill became law might continue to be so employed on receiving a certificate of fitness from the certifying surgeon ;

(b) No child should be employed in or about the business of an establishment covered by the Bill before 6 a.m. or after 7 p.m. ;

(c) The hours of work of a child should not exceed six on any one day ;

(d) The hours of work of young persons, that is to say, persons who had completed their fifteenth year, but had not completed their seventeenth year, should not exceed eight on any one day.

V. *Closing hours of establishments.*—Government reserved to themselves the power to fix the hours on which shops and other establishments coming under the scope of the Bill should be closed.

The Committee were inclined to agree with the principles underlying the Bill, namely, the limitation of the number of working hours per day of persons employed in shops, commercial establishments, eating houses, etc. They felt, however, that by bringing commercial establishments within the purview of the legislation, Government were going beyond what was usual in Western countries. For the time being, at any rate, the Committee thought, commercial establishments should be excluded from the scope of the Bill, and in this view, they were supported by the fact that ordinarily employees in commercial establishments did not have to work excessively long hours and their inclusion would add greatly to the difficulties and cost of administration.

Government apparently contemplated the administration of this legislation by local authorities, e.g., Municipal or District Board authorities. The very large number of establishments to which the Bill would be applicable would, in the opinion of the Committee, necessitate the engagement of a large inspecting staff and would involve local authorities in considerable expense, which, taking into consideration the present financial position of some of them, could not be met without further taxation.

Since the main object of the Bill was apparently to regulate the hours of work of shop assistants, it was not clear why Government should have gone out of their way to ask for powers to fix the hours of work at which establishments must be closed down, and the Committee strongly felt that the closing or opening time of business establishments should ordinarily be regulated by the trade organisations concerned in the interests of public convenience and that Government should not interfere except to the extent of regulating the number of hours which different classes of persons should be allowed to work unless the trade itself was unable to prevent gross abuses. The Committee, therefore, suggested that no restrictions on the opening or closing hours of any particular class of establishments should be introduced or insisted on until a public inquiry had established the need for regulation in the interests of the trade or business concerned and of the general public.

It appeared that Government, in framing the Bill, had not taken into consideration the cases of establishments which were run by members of the same family. It was not clear from the definition of the term "person employed" given in the Bill whether the members of a family occupied, for instance, in a family grocery shop or hotel would come within the provisions of the Bill. If, however, the Bill applied to them also, the Committee held that a substantial portion of their income would hereafter have to be expended for the engagement of additional staff since these establishments often remained open for fourteen or fifteen hours per day though not continuously.

As the proposed legislation was the first organised attempt in the direction of regulating conditions of employment of shop assistants, the Committee suggested that its life should be limited to a short experimental period. It was also felt that the provisions of the Factories Act which regulated conditions and hours of work for industrial workers might with advantage be more closely followed.

The proviso to Clause III of the Bill exempted domestic servants, caretakers or watchmen or persons employed in a supervisory capacity in any such establishment from the provisions of the Bill. The Committee felt that the exemptions specified were inadequate and they urged that, until further experience of the working of the Act was gained, the following establishments, among others, should be exempted :—

- (1) Establishments engaged in shipping or inland transport.
- (2) Establishments engaged in the sale of medicines and medicinal appliances.
- (3) Establishments engaged in the sale of fuel.
- (4) Automobile and other vehicular repair shops and spare parts depots.
- (5) Shops where the business of distribution or sale is done by slot machines.
- (6) Railway restaurants.
- (7) Private hospitals and nursing homes.
- (8) All persons employed in any shop, commercial establishment or hotel in any capacity whatsoever who are in receipt of a monthly remuneration exceeding Rs. 100.

At the same time, the Committee considered it desirable to draw the attention of Government to certain matters which were not specifically covered by the Bill. Firstly, they urged that such rules as might be prepared by the Local Government for the administration of the Bill should be subject to previous publication in the *Gazette* for public criticism ; secondly, it was felt that the Act or the Rules made thereunder should include a provision to the effect that such abstracts from the Act or the Rules as might be selected by the prescribed authority in the vernacular or vernaculars current in the locality should be put up in a conspicuous place in every shop covered by the Act and maintained in a legible condition by the employer ; thirdly, it was pointed out that the Bill did not contain any provisions on the lines of Sections 77 and 78 of the Indian Factories Act which empowered the Government of India and the Government of Bombay to make rules for the administration of the Act. The Committee also held that for the administration of the Act it might be necessary to include in the Bill provisions similar to those outlined in Section 9 of the Indian Factories Act which called upon every employer to give the authorities appointed under the Act written notice before the commencement of operations. Finally, the Committee urged that in view of the importance of the measure and the very large number of establishments which it would affect, the final and complete Bill should be circulated for public criticism with full Notes on Clauses in order that Government might have the considered views of all parties concerned before introducing the Bill in the Assembly.

It is understood that the views expressed by the Association and by other bodies to whom the Bill was referred for opinion are now being considered by Government. (*Appendix 36.*)

ANNUAL LEAVE WITH PAY FOR WORKERS.

(*See also pages 49 and 193 of Report for 1937.*)

In the last annual report of the Association, reference was made to the views expressed by the Association on a suggestion made by the Government of India regarding the desirability of introducing central legislation on the subject of holidays with pay in industrial establishments. Briefly stated, the Committee maintained that although from a strictly humanitarian point of view, nothing could be said against the general proposition, it was, in view of the peculiar conditions obtaining in the Bombay cotton mill industry, neither practicable nor desirable, and would be unwarranted under existing conditions.

Early in February, the attention of the Committee was drawn to a Bill introduced in the Bombay Legislative Council by Mr. S. C. Joshi, making provision for the grant of annual leave with pay to certain classes of workmen by their employers.

The Bill sought to provide for :—

- (1) an annual leave of not less than 30 days with pay to all workmen to whom the Indian Workmen's Compensation Act applied ; such annual leave to be exclusive of other leave on half pay or without pay due to sickness, convalescence, accidents or any other causes.
- (2) The annual leave should be granted in a single period or in instalments of not less than five days each, but it should be granted not later than the 23rd month after the beginning of the year in which the right to annual leave arose.
- (3) The taking of annual leave should be compulsory and it should not be lawful for a workman to renounce or otherwise commute it in any way ; it should not be lawful for a workman during the period of annual leave to do any work for pay or remuneration in another undertaking or establishment. Contravention of this provision would mean forfeiture of the right to receive pay for that leave period.
- (4) Accumulation of leave would be permitted up to a maximum of not more than three months.
- (5) Annual leave should include intervening holidays recognised by the employer provided that where such holiday preceded or succeeded the duration of the leave, the same should not be included in leave and should be allowed to be prefixed or affixed thereto or both.

- (6) A workman who was dismissed by an employer for causes meriting dismissal forfeited his right to annual leave, but where a workman's services were terminated by an employer for reasons other than those not requiring previous notice, he should pay to such workman, in addition to other dues, an amount which was equal to the period of the proportionate leave due.
- (7) Clauses 12 to 14 of the Bill provided for punishment of the employer in cases where leave was not allowed, and also required him to give notice to every workman to whom leave was due of the day on which such annual leave would begin, such notice being given not less than a month before the day on which leave commenced.

The Committee opposed the measure on the following among other grounds :

- (a) that the expenditure involved in granting holidays with pay would constitute a heavy charge in the existing financial position of the industry, more especially having regard to the fact that several mills in Bombay had already committed themselves to welfare work in the shape of creches, etc. ;
- (b) that the adoption of the proposals would entail a much heavier expenditure for mills in Bombay and Ahmedabad (who paid the highest wages) than in other centres ;
- (c) that even countries which were much more advanced than India was with regard to industrial development did not appear to have accepted the principle of a paid holiday ;
- (d) that any such scheme would be found to be unworkable, since it would tend to accentuate the complications arising out of a larger number of leave applications during the "leave season," thereby seriously affecting the efficiency of the mills, and
- (e) that the principle of a paid holiday was receiving increasing attention on the part of Indian employers, and that such schemes as were already in operation would be extended by employers as and when financial conditions permitted.

They were of the opinion that no legislation of the type contemplated by Mr. Joshi was called for in this country, and therefore requested Mr. Stones, O.B.E., M.L.C., to put forward the Association's views when the Bill came up for consideration in the Council.

The Bill was taken up for consideration in the Council on the 26th April. Speaking on behalf of Government, the Hon'ble Mr. Morarji R. Desai, Revenue Minister, explained that Government did not want to overburden the industrialist so as to kill industry, because thereby both the industrialist and the worker would suffer. The textile industry had accepted the

recommendations of the Textile Labour Inquiry Committee, and Government themselves intended to bring in legislation regarding pay for employees in case of leave due to sickness. Government were of the opinion that leave with pay in case of sickness was more urgent than holidays with pay, and unless the effects of the working of the measures which they were taking were seen, it would not be possible for them to commit themselves to a measure of the kind proposed by Mr. Joshi. He, therefore, requested Mr. Joshi to withdraw the Bill, and the Bill was accordingly withdrawn by leave of the House. (*Appendix 37.*)

BOMBAY MONEY-LENDERS BILL.

(*See also pages 84 and 286 of Report for 1934.*)

In the Association's report for 1934, reference was made to the views submitted by the Committee on the provisions of "a Bill to regulate the Money-lending Business" which had been introduced in the Legislative Council by Mr. Syed Munawar. The Committee then expressed themselves in favour of reasonable measures being taken to prevent unjust harassment of the poor debtor by the usurious money-lender. They felt that what was required was that greater facilities should be given to the poor debtor to obtain redress in obvious cases of fraud or excessive interest, and that habitual usury should be made a criminal offence and that certain classes of money-lenders should be licensed.

Towards the middle of February, the Committee were requested to express an opinion on a Bill "to Regulate the Transactions of Money-lending in the Province of Bombay" which had been introduced in the Bombay Legislative Council (Upper House) and referred to a Select Committee.

The Bill, *inter alia*, provided for :

- (a) the licensing of all money-lenders. Applications for licence must specify the total amount of capital invested in the money-lending business. The capital invested in the business could only be increased by a supplementary licence ;
- (b) the licence was renewable every year ;
- (c) no Court should pass a decree in favour of money-lenders unless the Court was satisfied that, at the time the loan was advanced, the money-lender held a licence which was not suspended, cancelled or which had not expired ;
- (d) money-lender had to keep proper books of accounts and should deliver to the debtor within a reasonable time after a loan was made, a statement in the language in which he kept his accounts showing the details of the transactions, the amount and date of the loan and date of its maturity, the nature of the security, if

any, the rate of interest charged—*which should not exceed 9 per cent. simple interest per annum in the case of a secured loan and 12 per cent. simple interest per annum in the case of an unsecured loan*—and the name and address of the debtor and money-lender ;

- (e) every money-lender should also furnish every debtor every year with a legible statement of accounts showing the total amount advanced and interest due as also the amount repaid and the balance due ;
- (f) any agreement between a money-lender and a debtor for the payment by the debtor to the money-lender of any sum on account of costs, charges or expenses incidental to or relating to the negotiations for or the granting of the loan or proposed loan should be illegal ;

Provided that this provision should not debar a money-lender from recovering costs of investigating title to the property, costs of stamps, registration of documents and other usual out-of-pocket expenses ;

- (g) whoever molested or abetted the molestation of a debtor for the recovery of a debt owed by him should be punishable with imprisonment of either description which might extend to three months or with fine which might extend to Rs. 500 or with both.

For the purposes of this clause, a person who, with intent to cause another person to abstain from doing or to do any act which he had a right to do or to abstain from doing :

- (1) obstructed or used violence to or intimidated such other person, or
- (2) persistently followed such other person from place to place or interfered with any property owned or used by him or deprived him of, or hindered him in the use thereof, or
- (3) loitered or did any similar act at or near a house or other place where such other person resided or worked or carried on business, or happened to be, should be deemed to molest such other person :

Provided that a person who attended at or near such house or place in order merely to obtain or communicate information or to make a demand for a loan due should not be deemed to molest.

The Committee felt that the Bill was definitely an improvement on the one introduced in 1934, but while agreeing with the principle underlying the measure, they thought that there were one or two points in respect of which amendments appeared to be necessary. The first related to the definition of the term “money-lender,” which read as under :

“ 2 (10). “ Money-lender means an individual or an undivided Hindu family or an unincorporated body of individuals or body corporate incorporated under any law in British India, or any place outside British India, or stands to any such body corporate in the relation of a subsidiary body, who or which—

- (i) carries on the business of money-lending in the Province ; or
- (ii) has his or its principal place of such business in the Province, and includes pawn-broker.”

The Committee felt that the clause, as worded, would affect insurance companies advancing money against policies and certain other forms of legitimate money-lending. They, therefore, suggested that the definition should be amended on the lines of that contained in the British Money-lenders Act, 1930, which read as below :—

“ The expression money-lenders in this Act shall include every person whose business is that of money-lending or who advertises or announces himself or holds himself out in any way as carrying on that business, but shall not include—

- (d) any persons *bona fide* carrying on the business of banking or insurance or *bona fide* carrying on any business not having for its primary object the lending of money, in the course of which and for the purpose whereof he lends money.”

Another point which the Committee desired to put forward was in connection with Clause 38 of the Bill which stated that it was a punishable offence to ‘molest’ a person for the recovery of a debt. The Committee doubted whether the notorious practice at present adopted by certain types of money-lenders in India, particularly Pathans, could be effectively dealt with under this clause, as the proviso stated that a person who attended at or near a debtor’s house in order merely to obtain or communicate information or to make a demand for a loan due would not be deemed to molest. It was felt that it would be very difficult to prove that a money-lender besetting an industrial establishment or a worker’s residence actually resorted to violence unless the worker himself came forward to give evidence. In the circumstances, it was suggested that the proviso to this clause should be suitably amended or deleted. These views were communicated to Mr. S. D. Saklatvala, the Association’s representative in the Bombay Legislative Assembly, who was asked to put forward the Association’s view-point when the Bill came up for consideration in that House. (*Appendix 38.*)

BILL TO REGULATE THE RENTS OF PREMISES IN THE BOMBAY PRESIDENCY.

Early in February, the attention of the Committee was drawn to a Bill to regulate the rents of premises in the Bombay Presidency, introduced in the Bombay Legislative Council (Upper House) by Mr. S. C. Joshi.

The Bill proposed, *inter alia*, to fix a “standard rent” for all premises of which the monthly rental did not exceed Rs. 200. The “standard rent,” in brief, was a figure which was less than the existing rental by 25 per cent. There was a penalty for taking a rent higher than the “standard rent,” the excess collected also being recoverable from the landlord.

It was proposed that the legislation should, at the outset, remain in operation for a period of five years only subject to renewal in the light of subsequent experience. The "standard rent" of premises which might be constructed and let after the introduction of the Act would be a figure not exceeding 4 per cent. per annum on the capital value of the building. In the case of buildings which had been let on lease on the date of the introduction of the Act, the "standard rent" would be less than the contracted rent by :

15 per cent. in the case of buildings let on lease for a period of less than ten years ; and

10 per cent. in other cases.

Some of the other important provisions of the Bill were :—

- (a) A distress warrant should not be issued for the recovery of the rent if the monthly rent of the tenement was less than Rs. 25.
- (b) The "rent period" should be an English calendar month according to the Gregorian calendar.
- (c) Rent should not be collected in advance.
- (d) A deposit might be taken from a tenant, but interest at $6\frac{1}{4}$ per cent. per annum should be allowed on this deposit.

The Committee considered that the proposed legislation was entirely unnecessary inasmuch as, in their opinion, there was no shortage of accommodation and no state of emergency in the matter of housing, and there was no reason why the landlord's rent should be controlled unless the prices of every other necessity were also to be controlled. If the principle of the Bill was admitted, then it was felt that State control of food prices, cloth prices, etc., must also be admitted. It was understood that in the case of Port Trust lands, for instance, no landlord would build working class property at all if his return was only 4 per cent. In these circumstances, the Committee requested Mr. F. Stones to oppose the Bill when it came up for discussion in the Council.

The Bill was taken up for consideration in the Council on the 26th April, but in view of the general opposition to the measure from all quarters of the House, the motion for the first reading was lost without a division.

BILL TO PROVIDE PUNISHMENT FOR FREE OR FORCED OR COMPULSORY LABOUR.

Towards the end of January, the Commissioner of Labour, Bombay, requested the Committee to express an opinion on the provisions of a Bill to provide punishment for free or forced or compulsory labour which was to be introduced by Mr. S. V. Parulekar in the Bombay Legislative Assembly.

According to the Statement of Objects and Reasons, the Bill sought to make free or compulsory or forced labour an offence punishable with imprisonment or fine. It recognised two exceptions to compulsory labour. It allowed impressed labour provided for in the Indian Forest Act, 1927, and the Bombay Irrigation Act, 1879 ; and as it was felt just that such labour ought to be adequately remunerated, the Bill made provision for such payment.

It would appear that Government themselves intended to undertake legislation on the lines of the Bill. Clause 2 of the Bill read as under :—

“ 2. In this Act, unless there is anything repugnant in the subject or context,

- (i) free labour means labour without providing remuneration in cash at the prevailing market rates in the locality for that kind of labour ;
- (ii) forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

Nevertheless, the term forced or compulsory labour shall not include :

- (a) any work or service exacted from any person as a consequence of a conviction in a Court of Law, provided that the said work or service is carried out under the supervision and control of public authority and that the said person is not hired or placed at the disposal of private individuals, companies or associations ;
- (b) any work or service exacted under the Indian Forest Act, 1927, and the Bombay Irrigation Act, 1879.”

With regard to the exceptions enumerated in this clause, Government suggested that it might be found necessary to extend the range of these by the addition of the following :—

- (1) Services rendered by criminal tribes ;
- (2) work in Borstal institutions, Children's Homes and the like ;
- (3) any work or service exacted in cases of emergency, that is to say, in the event of war or calamity or threatened calamity such as fire, flood, famine, earthquake, violent epidemic or epizootic diseases, invasion by animal, insect or vegetable pests and

in general any circumstance that would endanger the existence or the well-being of the whole or part of the population.

The Bill, as it stood, provided that employment of labour would be considered free or compulsory when it was not paid in cash. According to existing practice, however, there were certain services which were sometimes not paid for in cash. For instance, there were some traditional services to be rendered by tenants to landholders in consideration of certain privileges such as permission to allow cattle to graze, cutting firewood, etc., under the menace of a penalty, e.g., forfeiture of land. Moreover, there were cases in

which village artisans and other classes of agricultural labour were sometimes remunerated partly in cash and partly in kind. In offering their opinion on the Bill, therefore, the Committee were requested to indicate how far its introduction was likely to affect the existing rural economy.

Clause 2 (1) of the Bill laid down that "free labour means labour without providing remuneration in cash at the prevailing market rates in the locality for that kind of labour." In the opinion of the Committee, the clause, as drafted, appeared most objectionable inasmuch as labour was not a commodity and there were no market rates in the sense that there were market rates for cotton, rice or foodstuffs. For example, if in a locality, where there were, say, eight mills, five paid higher wages for a particular occupation, the other three would, according to the definition contained in the Bill, have to pay the same rate; otherwise, it would be considered as free labour. Mr. S. D. Saklatvala, the Association's representative in the Bombay Legislative Assembly, was, therefore, instructed to urge this point when the Bill came up for discussion in the Assembly. (*Appendix 39.*)

BILL TO PROVIDE FOR THE RELEASE ON PROBATION OF OFFENDERS.

Towards the middle of February, the Committee were invited to express an opinion on a Bill to provide for the release on probation of offenders which had been passed by the Bombay Legislative Assembly and which it was proposed to introduce in the Bombay Legislative Council (Upper House). The principal provisions of the Bill were incorporated in Clauses 4 and 5. Clause 4 laid down that under certain circumstances a person who had been convicted of an offence punishable with not more than two years' imprisonment might be released by the Court after due admonition in conformity with Section 562 (1) (a) of the Criminal Procedure Code. Clause 5 laid down that any male person convicted of an offence not punishable with death or transportation for life, or any woman convicted of any offence, might be released by the trying Court on probation if it appeared to the Court, regard being had to the age, character, antecedents or physical or mental condition of the offender or to the circumstances in which the offence was committed, that it was expedient that the offender should be released on probation of good conduct. An offender in this case would not receive his sentence, but would be expected to enter into a bond with or without sureties, to appear and receive sentence when called upon to do so, and also to keep the peace and be of good behaviour in the meantime. It was also proposed that the offender should be under the supervision of a Probation Officer subject to such conditions as the Court might prescribe with respect to residence, abstention from intoxicants and any other matters which the Court might, having regard to the particular circumstances of the case, consider necessary for preventing a repetition of the same offence or a commission of other offences by the offender. A breach of any of these conditions would lead to the cancellation of the probation order and the production of the accused in the Court to receive his sentence. On the other hand, good behaviour on the part of the accused in the probation period would lead to his acquittal at the end of the probation period.

The Committee were in agreement with the principles underlying the proposed legislation. It is understood that the measure has since been passed by the Upper House and has become law. (*Appendix 40.*)

INDIAN INCOME-TAX AMENDING BILL, 1938.

(*See also pages 93 and 248 of Report for 1937.*)

In the last annual report of the Association, reference was made to the views expressed by the Committee on the recommendations made in the Income-tax Enquiry Report, 1936. Early in April, the Honourable the Finance Member introduced in the Legislative Assembly a Bill further to amend the Indian Income-tax Act, 1922, which was intended to give effect to such recommendations of the Report as had been accepted and to make such amendments to the Act as experience of its working had indicated to be necessary or desirable. On the motion of Government, the Bill was subsequently referred to a Select Committee for consideration and report, and towards the middle of the month, the Committee were requested to express an opinion on the provisions of the Bill.

The Bill was carefully examined by the Committee, in conjunction with a Sub-Committee of income-tax experts, who had an opportunity of discussing certain important matters with Mr. J. F. Sheehy of the Central Board of Revenue, and it appeared that certain points urged by the Association in connection with the recommendations in the Enquiry Report, 1936, had not been given the consideration they deserved. In view of the importance of these issues from the point of view of the Indian cotton mill industry, the Committee once again deemed it necessary to re-state these points, and their considered criticisms on the more important provisions of the Bill are summarised below :—

Clauses 10 (b), 10 (c) and 25 (b).—It was proposed to amend sub-Section 2 (vi) of Section 10 so as to introduce the principle of allowing depreciation on the “written down value” method as suggested by the Enquiry Committee. Briefly stated, it was sought to lay down that the amount allowed in respect of depreciation *should not ordinarily* exceed the amount actually written off for depreciation in the assessee’s books “except where and to the extent to which the aggregate of all allowances made in respect of depreciation from the commencement of this Act to the end of any year is less than the aggregate of the sums written off in the books of the assessee during the same period” (*vide* sub-Clause (ii) of Clause 10 (b)). It was also provided that :—

“Where immediately prior to the commencement of the Indian Income-tax (Amendment) Act, 1938, any allowance or part of an allowance in respect of depreciation *which has not been given effect to* is under the provisions of the Act as then in force to be added to the amount of the allowance for the following year or succeeding year, such allowance or part shall be so added that *effect shall be given thereto before any allowance in respect of depreciation for any subsequent year is made*, and the aggregate of all such allowances made under this Act or any Act repealed hereby or under the Indian Income-tax Act, 1886, shall in no case exceed the original cost to the assessee of the buildings, machinery, plant or furniture as the case may be.”

Certain new sub-Sections—5 (a), 5 (b) and 5 (c)—proposed to give effect to Government's decision to adopt the written down value method for estimating the amount of depreciation to be allowed on plant and machinery. In brief, the written down value would be estimated as under :—

(a) In the case of new assets purchased in the previous year—the actual cost to the assessee.

(b) In the case of assets acquired before the previous year, but *after the commencement of the new Act*—the actual cost to the assessee less all depreciation actually allowed to him.

(c) In the case of other assets, i.e., those acquired before the commencement of the new Act—the actual cost to the assessee less the amount of depreciation which would have been permissible from year to year at the prevailing rates irrespective of whether they had actually been written off or not.

(d) In the case of a change in the proprietorship of a business—the written down value to the new purchaser in the first year of assessment would be the actual price paid by him for plant and machinery.

These provisions read in conjunction with those of Clause 25 (b) which permitted business losses to be carried forward or set off against future profits for a period of six years, would produce the following results :—

- (a) From the commencement of the Act, new arrears of depreciation would not be carried forward as such.
- (b) Depreciation allowed would not henceforward exceed the amount actually written off in the books of the assessee.
- (c) Business losses which would be computed after taking into consideration depreciation actually written off would be allowed to be carried forward for a period of six years from the commencement of the Act, but to mitigate the effect on the revenue of this concession, it was proposed that the losses of the first “previous year” after the commencement of the Amendment Act should be carried forward for one year ; losses of the next year for two years and so on until the full period of six years was reached.
- (d) Arrears of depreciation, if any, at the commencement of the Amending Act might be carried forward until fully allowed, and *was to be allowed before the depreciation due in respect of subsequent years.*

The Committee were strongly opposed to the new basis of depreciation allowance for the following reasons :—

- (1) The new basis was contrary to business practice in India and would necessarily result in gradually decreasing allowances for

depreciation on each and every machine from year to year which might be most undesirable.

- (2) It would have the defect that at no time would the total value of any particular machine be written off completely.
- (3) It would greatly complicate the calculation of obsolescence allowances.
- (4) Its practical working from the point of view of the assessee would lead to grave complications and necessitate the maintenance of very elaborate records, which, in the case of a cotton spinning and weaving mill, would assume voluminous proportions as special records would apparently have to be maintained for every frame or loom installed.
- (5) It would also react unfairly when calculating obsolescence allowance permissible in respect of machinery owned by a manufacturing establishment in cases where the concern had for a number of years previous to the enactment of this legislation been unable, owing to adverse trading conditions, to write off the full statutory depreciation.

The Committee, therefore, strongly urged that no change should be made in the method of calculating annual depreciation.

The Committee welcomed Government's proposals regarding the carry forward of business losses, but they failed to see why its introduction should be made dependent on the introduction of Government's proposals regarding depreciation. The new arrangement would, in their opinion, provide totally inadequate compensation to many manufacturing concerns, which, during the last ten or twelve years, had been unable, owing to the severity of their losses, to set off more than a fraction of the depreciation to which they had been statutorily entitled, as these firms would practically be unable to write off their existing arrears of depreciation and at the same time provide for current depreciation. The Committee, therefore, strongly urged that assesseees should be permitted to carry forward not only all their unabsorbed depreciation until the whole had been completely written off but also allowed to carry forward all their current depreciation, i.e., all depreciation accruing after the commencement of the new Act, which would apparently not be possible according to Government's existing proposals. What, in short, the Committee asked was that all arrears of depreciation arising after the commencement of the Act should also be carried forward until exhausted with the proviso that no portion of such unapplied depreciation arising since the commencement of the Act should be written off until all arrears brought forward from the commencement of the Act had been exhausted.

Clause 16.—It was proposed that income arising to any person by virtue of a settlement, whether revocable or not, made by the assessee from assets remaining the property of the assessee or income arising to any person by virtue of a revocable transfer of assets made by the assessee, should be

deemed to be the income of the assessee. When a person had irrevocably deprived himself of the benefit of his income even though retaining control over the assets subject to such irrevocable disposition of income, it appeared to the Committee inequitable to include such income in the income of the disponor for purposes of taxation, and they, therefore, suggested that :—

- (a) No retrospective effect should be given, i.e., settlements and dispositions made prior to the introduction of the new Act should not come within the purview of this section ;
- (b) In cases where income arising from property had been irrevocably transferred, such income should be assessable in the hands of the recipient of the income or beneficiary even though control over the property in question rested with the settler or disponor ; and
- (c) Even in cases where income from property had been transferred by a revocable settlement, the income should not be assessed in the hands of the donor or transferor if the period of settlement exceeded six years.

Slab System.—Government proposed to adopt the slab system as the basis for calculating income-tax, but no details of the system which they had in mind had been set forth in the Bill. The Committee while agreeing with the principle of the slab system, were unable to accept the specimen schedule suggested by the Inquiry Committee, nor did they agree with the recommendation that super-tax should become payable at Rs. 25,000 instead of at Rs. 30,000. In their opinion, the specimen scale in the report did not equitably spread the burden of relief on small incomes over all classes of assesseees ; the correct method to follow was to frame a scale which, while giving relief on small incomes and removing the obvious inequalities in the existing scale, would not disproportionately increase the tax payable on larger incomes on which the tax was already very high. It was thought that this result could be achieved by appropriately graduating the rate of tax on successive slabs of income of Rs. 5,000 each up to Rs. 30,000 instead of applying the same rate of tax on all incomes over Rs. 15,000. It was also held that a more equitable gradation of taxation would be achieved by expressing the tax payable as a percentage for each slab of income. The specimen scale for super-tax was also open to the same criticism, and the Committee expressed the hope that if a new basis of taxation of the slab type was approved, Government would devise a scale which would yield as much and no more revenue than the existing scales would yield if levied on the same national income.

Clause 24 empowered the Income-tax Officer in the case of a company controlled by not more than five persons in which at least 60 per cent. of the assessable profits had not been distributed as dividends, to treat such undistributed profits as dividends paid out to shareholders and assessable in their hands. Similarly, when the reserve funds of a company controlled by not more than five persons were allowed to exceed the paid-up capital, the proportionate share of each shareholder in such excess would be included in his total income and assessed. The Committee were opposed to both these

amendments, for they felt that the rights of the directors to decide under what circumstances and to what extent reserves were necessary in the interest of a company's business should remain untouched.

Clause 67 amended Section 58F of the Indian Income-tax Act dealing with unrecognised provident funds. The limit of exemption was proposed to be cut down to Rs. 6,000 as in Section 15 and in order to simplify the provision regarding the exemption of interest on the employee's accumulated balance, it was provided that such interest should be exempted in so far as it did not exceed one-third of the employee's salary for the year. The provisions of this clause, taken in conjunction with Clause 15, would produce the following effects :—

- (1) the total exemption allowable to an assessee in respect of life assurance premium and provident fund contribution should not exceed a sixth of his total income for the year or Rs. 6,000 whichever was less.
- (2) The total exemption allowable for provident fund where no insurance premium had been paid should not exceed a sixth of his salary or Rs. 6,000 whichever was less.

The Committee, while approving the suggested limit of Rs. 6,000 for insurance, were unable to agree that any portion of the employee's and employer's contribution to a recognised provident fund should be included in an employee's income for purposes of ascertaining the rate of tax applicable. It was also emphasized that the inclusion of the employee's and employer's contributions to the fund to the total salary of an assessee for ascertaining the rate of tax applicable led to real hardship inasmuch as the assessee was paying a rate applicable to an income which he might or might not secure, as, in certain cases, the employer's contribution was withheld from him. The Committee, therefore, strongly urged that Government should go carefully into this matter and devise means which would make provident fund exemptions more effective.

Clause 75.—It was proposed to amend Section 66 so as to empower the High Court, on intimation by the Commissioner of an appeal to the Privy Council, to defer refund, if any, due to an assessee pending the Privy Council's decision on the appeal. While the Committee had no objection to this amendment, they felt that there should be a specific direction or instruction either in Section 66 (5) or 66 (7) as to what the Income-tax Commissioner should do, on receipt of a copy of the High Court's or Privy Council's judgment, and they strongly urged that this clause should be amended so as to ensure the refunding of any amount due to an assessee as a result of the appeal within a prescribed time limit.

The Bill, as reported by the Select Committee, was taken up for consideration at a special Session of the Legislative Assembly convened towards the close of the year, and was passed after a lengthy debate. The Bill, as it emerged from the House, gave effect to the suggestion put forward by the Association on the question of depreciation; it allowed unabsorbed

depreciation, as also current depreciation which could not be provided from the available profits in any year, to be carried over until it was wiped out. Depreciation would be based on the written down cost of the assets, which would be estimated as below :—

- (a) in the case of assets acquired in the previous year, the actual cost to the assessee ;
- (b) in the case of assets acquired before the previous year but after the commencement of the amending Bill, the actual cost to the assessee less all depreciation allowable to him under the Act ;
- (c) in the case of assets acquired before the commencement of the amending Bill, the actual cost to the assessee less for each financial year since the acquisition, the amount of depreciation applicable to the assets at the rates in force for each such year since the 1st day of April 1922 and at the rates in force on the 1st day of April 1922 for each such year prior to that date.

Provided, however, “ that there shall not be so deducted from the actual cost any depreciation allowance or part of any depreciation allowance which was due for a year which ended prior to the 1st day of April, 1939, but to which full effect was not given owing to the absence of profits or gains chargeable for that year, or owing to the profits or gains so chargeable being less than the allowance.”

The provision regarding the carry forward of business losses for a period of six years was retained.

As regards Clause 16, it was provided that the income arising to any person by virtue of a settlement or disposition, which was not revocable for a period exceeding six years, or during the life-time of the person, and from which the settler or disponor derived no direct or indirect benefit would not be deemed to be the income of the settler or disponor, but that such income would be liable to be assessed as and when the power to revoke arose to him.

As regards Clause 24, dealing with the assessment of the undistributed profits of companies controlled by not more than five persons in which at least 60 per cent. of the assessable profits had not been distributed as dividends, the scope of the section was enlarged to cover all companies and not only those controlled by not more than five persons. This provision would not, however, apply to companies in which the public are substantially interested, that is to say, companies, where not less than 25 per cent. of the ordinary shares are held by the public. The clause, as passed by the House, also covered cases where the accumulated undistributed profits exceeded the value of the fixed assets, or the paid-up capital taken with loan capital belonging to the shareholders, whichever was greater. In order to deal with marginal cases, provision was also made to give a reasonable opportunity to companies to escape the operation of the clause by a further distribution within three months from the date of a notice from the Income-tax Officer in this behalf.

It is understood that the Bill, as passed by the Assembly, will be taken into consideration by the Council of State early in 1939. (*Appendix 41.*)

MOTOR VEHICLES BILL, 1938.

(*See also pages 90 and 245 of Report for 1936.*)

In the Association's report for 1936, reference was made to the opposition voiced by the Committee to the provisions of the Bill to amend the Indian Motor Vehicles Act, 1914, which sought to empower local authorities to exercise a closer control than the existing Act permitted in the interests alike of the development of a co-ordinated policy of roads and railways and of the safety and convenience of the public.

It would appear that in view of the Report submitted by the Motor Vehicles Insurance Committee and of the Wedgwood Committee on Indian Railways, Government subsequently decided to drop the partial measure of 1936 and to present a more comprehensive Bill incorporating the main recommendations of these two Committees. Accordingly, towards the middle of March, the Hon'ble Sir Thomas Stewart, Member for Communications, introduced in the Central Legislature the Motor Vehicles Bill, 1938. According to the Statement of Objects and Reasons, the Bill was designed to consolidate and amend the law relating to motor vehicles in British India. It was intended to replace the partial measure introduced in August 1936, and incorporated the main recommendations of the Motor Vehicles Insurance Committee and the Wedgwood Committee Report on Indian Railways. The principle of compulsory insurance, it was indicated, had been approved by almost all the Provincial Governments, and although differences of opinion existed, in the interests of uniformity, the Bill sought to make its adoption compulsory within a period of five years from the date of commencement of the Act. The Bill had two main objectives: firstly, to codify and bring up-to-date the law relating to motor vehicles in India, and, secondly, to make possible a co-ordination of the various forms of transport which for so long had been considered to be desirable. The Bill was referred to a Select Committee of the House, but before this Committee met, Government desired to know the views of all organisations interested in motor transport and road transport. Accordingly, towards the end of April, the Committee were invited to express an opinion on the provisions of the Bill.

The Committee had no important objections to urge against those portions of the Bill which sought to ensure the regulation of motor traffic in the interests of safety and public convenience, and warmly supported the idea of compulsory insurance against third party risks of motor vehicles, whether plying for hire or otherwise, but they did not consider that a motor vehicles Bill was a suitable instrument to achieve or bring about a co-ordination of all forms of transport, since the various authorities which had been or could be constituted under such a Bill had not and could not have jurisdiction over other forms of transport. This being the case, the only co-ordination which could be achieved under the Bill would be at the expense of the development of road transport for the benefit of rail transport, and

this, in the opinion of the Committee, would not in the long run be in the interests of the State, the general public or the users of transport. It was maintained that if road motor transport was definitely more economical or convenient than rail transport for all or any particular classes of work, then no unnecessary artificial restrictions or impediments should be placed upon its growth or development for the purpose of maintaining the solvency of the railways of the country solely because they were largely the property of the State. In the circumstances, the Committee once again reiterated the view expressed by them in 1936 on this particular aspect of the question :—

“ The development of a co-ordinated policy of roads and railways is, however, in the opinion of my Committee, a matter which should be dealt with in a separate Bill. My Committee feel that the building up of an efficient and adequate transport system for the country as a whole, including air transport, inland water transport and possibly sea transport, from one Indian port to another, is a matter of first class importance to the future economic welfare of the country as a whole, and that the importance of the issues involved necessitates a regulated planning for the development of the country's transport system. To achieve this, my Committee maintain that it would be advisable for the Government of India to appoint a Committee composed of experts representing every form of transport and also containing a substantial proportion of representatives of Indian commerce and industry to investigate and report on the means which should be adopted to develop, and incidentally to co-ordinate India's transport system. The recommendations of a body of this character would not be open to the suspicion that the interests of any particular section of the community were being sacrificed. Unfortunately, the present Bill has undoubtedly given the impression that the interests of motor transport owners and of the trade and industry of the country are to be subordinated to the interests of the railways.”

The Committee's other main objections to the Bill were :—

- (a) That it placed undue restrictions on the encouragement and development of motor traffic.
- (b) That it sought to prohibit long-distance transport by road not in the interests of the public, but purely in the interests of the railways.
- (c) That entirely unnecessary restrictions were imposed on private carriers.
- (d) That no facilities had been provided to deal with road traffic plying over routes which would involve crossing of provincial frontiers or traffic entering or passing through Indian States.
- (e) That no reciprocal arrangements had been specified in regard to the effectiveness of Indian registration certificates in Indian States and foreign mandated territories.
- (f) That too long an interval had been provided before the inauguration of compulsory insurance of motor vehicles against third party risks throughout British India, and
- (g) That the constitutions proposed for regional and provincial Transport Authorities were unsatisfactory.

The other important criticisms advanced by the Committee on the provisions of the Bill are summarised below :—

Chapter I dealt with definitions, and the Committee had no important criticisms to make except as regards Clause 1 (3) which laid down an optional period of five years within which the compulsory insurance provisions embodied in the Bill would be brought into force in various Provinces. It was suggested that this period should be reduced to three years.

Chapter II.—Clause 9 (2) of this chapter provided that licences issued by Indian States to *bona fide* residents should generally be valid. The Committee suggested that licences granted in Indian States and Foreign Settlements should only be valid in British India provided Indian States and Foreign Settlements reciprocated and made licences granted in British India valid in such territories.

Chapter III laid down the conditions which must be fulfilled to secure registration of motor vehicles of various types. Clause 28 of this chapter provided that registration in any one Province would be recognised as valid for the whole of British India. This, it was felt, was a desirable provision. Clause 28 (2) specified that a motor vehicle registered by a competent authority in any Indian State or in the French or Portuguese Settlements bounded by India should not require to be registered in British India and that any certificate of registration issued by such authority should be effective throughout British India. It was suggested that this concession should only be provided in respect of those Indian States and Foreign Settlements which extended reciprocal privileges to vehicles registered in British India.

Chapter IV was definitely the most controversial part of the measure, dealing as it did not only with the control of road transport vehicles which was of course, necessary, in order to ensure the safe transport of both passengers and goods, but also with the 'co-ordinative' aspect of the proposed legislation. It had already been indicated that a motor vehicles Bill was not a suitable instrument by which to bring about a co-ordination of the country's transport system and that a separate measure was required for such a purpose. The Committee, therefore, suggested the modifications required in this chapter in so far as the regulation of road motor transport was concerned for the purpose of satisfactorily developing that type of transport as distinct from the object of bringing about a co-ordinated development of the country's transport system. In general, it was the considered opinion of the Committee that provided adequate arrangements were made to ensure safety, prevent overloading and secure the maintenance of road transport vehicles in a proper state of repair and fitness, the allegation of uneconomic competition between road and rail transport would largely disappear.

The Committee strongly opposed the proposed restriction of long-distance transport of goods by road where reasonable facilities for such transport already existed. Such a limitation, leading as it would to the creation of a monopoly of all long-distance traffic to the railways would, it was felt, injuriously affect trade interests generally by depriving them of an alternative mode of transport. The development of road transport services in

several places in the country had led railways to quote competitive rates and to provide certain other facilities, such as speedier transit. The removal from the field of such competitive factors would tend once again to perpetuate the unsatisfactory condition of affairs which prevailed before the advent of such competition and lead to the quotation by the railways of monopolistic prices for the carriage of goods. In the general interests of the country as a whole, therefore, the Committee opposed any such restriction of competitive means of transport for the carriage of goods, inasmuch as it was likely to result in an immediate increase in the cost of transport to the business community generally.

Clause 40 (1) laid down that no owner of a transport vehicle should use or permit the use of the vehicle in any public place, except under the authority of a permit granted or countersigned by a Regional or Provincial Transport Authority authorising the use of the vehicle in that place in the manner in which the vehicle was being used. According to Clause 41 (1), the jurisdiction of the Regional Transport Authorities constituted under the Bill would be limited to the areas in respect of which they had been constituted. Read in conjunction, these two provisions appeared to place an undue restriction on a road transport service plying in territories over which two regional authorities exercised jurisdiction. Although Sub-Clause (2) of Clause 41 provided for the constitution of Provincial Transport Authorities with the object of co-ordinating the activities and policy of the various Regional Transport Authorities constituted within each Province, it was suggested that in view of the handicap referred to above, the scope of the functions of Provincial Transport Authorities should be specifically extended so as to ensure the issue of permits by or under their authority for road traffic plying not only between two regional areas but also between any two Provinces or Indian States.

As regards the constitution of the Regional Transport Authorities, Clause 41 (3) of the Bill provided that a Regional or Provincial Transport Authority should be constituted in one of the following manners, namely :—

- (a) as a tribunal consisting of one or more members being officers in the service of the Provincial Government ; or
- (b) as a body of officials and non-officials, including at the discretion of the Provincial Government representatives of persons or undertakings engaged in the business of transport.

PROVIDED that where such representatives were included, equal representation should be accorded to the business of motor transport, railway transport and, where necessary, inland water transport.

Sub-Clause (4) provided that no person who had any financial interest in any transport undertaking should be appointed as a member of a Regional or Provincial Transport Authority ; and that if any person being a member of any such authority acquired a financial interest in any transport undertaking, he should, within four weeks of so doing, give notice in writing to the Provincial Government and should thereupon vacate office.

No provision was made in the clause for the specific inclusion in the Transport Authorities of representatives either from the general business community or from the particular trade or industries most common in the areas over which the Transport Committee concerned would have jurisdiction. Moreover, Regional Transport Authorities to be constituted under the Bill would have absolutely no power of control over the railways, while they would exercise control over other forms of transport. In the circumstances, the Committee reiterated the view expressed by them in 1936, and urged that quite apart from the justifiable claims of the business community as users of transport to adequate representation on these Transport Authorities whose decisions would vitally affect their trade interests, the representation of the general business community would tend to ensure a balanced judgment by the Transport Authorities on problems coming up from time to time for their consideration, in the interests of the general community as a whole as distinct from the interests of any particular mode of transport.

Clause 50 sought to prescribe certain conditions which should guide the Regional Transport Authority in granting or refusing to grant permits for private carriers. The Committee held that the issue of general permits to private motor transport used for the purpose of the trade or business of an individual, firm or company and not plying for hire or reward should be a mere formality. They maintained that so long as a *bona fide* private carrier satisfied all the other requirements of the Bill, in such matters as weight, speed limits, safety regulations, compulsory insurance, etc., no such restriction as that sought to be imposed by sub-Clause (b) of Clause 50, namely, limitation of long-distance transport of goods by road where reasonable facilities for such transport of goods by road already existed, should be imposed so long as the vehicle was used for the carriage of goods or merchandise which were his property and the carriage of which was necessary for the purpose of his business.

As regards the powers of the Regional Transport Authorities in relation to public carriers as set out in Clause 53, the Committee failed to appreciate the reasons for empowering such authority to attach conditions to the permit prescribing (a) that certain specified classes of goods should only be carried, and (b) that goods should only be carried for specified persons. Apart from the obvious limitation of individual freedom, such a limitation would, it was thought, tend to operate harshly alike on transport providers as on the users of transport. In regard to public carriers generally, the Committee reiterated the views expressed by them in 1936 that no restrictions should be imposed on motor transport used solely for the purpose of conveying goods and merchandise which would in any way hamper the continuance of door-to-door transport. It was pointed out that one of the great advantages in the use of motor transport for the conveyance of goods was that it would be possible to load merchandise at the factory or warehouse of the manufacturer or supplier and deliver these goods at the residence or place of business of the purchaser without any intermediate unloading and that it would palpably be unfair for this facility attached to motor transport to be reduced in any way.

As the Committee were opposed to the question of co-ordination of road and rail transport being dealt with in the Bill, which should, in their view,

legislate specifically for the regulation of motor traffic, they were strongly of the opinion that the matters which the Regional Transport Authorities should take into consideration in granting or refusing a permit for any class of transport vehicle covered by Chapter IV should clearly be limited to matters connected with the interests of persons providing facilities for transport both of passengers and of goods *by road* only and not by any other means.

In conclusion, the Committee expressed the hope that in regard to the schedules dealing with speed limits, wheel loads, etc., of road transport vehicles, changes would be made from time to time so as to cope with new mechanical inventions and devices in the field of motor transport which might render the limits laid down in these respects out of date.

The report of the Select Committee, which was released in the middle of August, provided, *inter alia*, for option being given to the Provincial Governments to bring the compulsory insurance provisions contained in the Bill at such times as they thought fit after a resolution by the Provincial Legislature. It was also provided that when a majority of the Governors' Provinces had brought these provisions into operation, the Central Government might bring them into force uniformly throughout British India. The Bill, as reported by the Select Committee, was taken up for consideration in the autumn session of the Central Legislature and was passed with some amendments. It is understood that the Bill will be taken up for consideration by the Council of State early in 1939 (*Appendix 42.*)

DIVIDENDS AND INTEREST RETURNS BILL.

Towards the end of September, the attention of the Committee was drawn to a "Bill to provide for the submission of certain statements of companies incorporated in or carrying on business in India" introduced in the Council of State by the Hon'ble Mr. Govindlal Shival Motilal on the 13th September, 1938. The Bill sought to impose an obligation on every company incorporated in British India or doing business in India to furnish annual returns showing the interest, dividends and bonus paid to (a) Indians, (b) non-Indian British subjects domiciled in British India, (c) non-Indian British subjects domiciled in the United Kingdom, and (d) other individuals. The object of the Bill was stated to be to measure the economic progress of the country and to ascertain the relative position of foreign and Indian capital in this country.

Periodical returns showing the total incomes earned and distributed by companies registered or doing business in British India were regularly being furnished to Government in accordance with the provisions of the Indian Income-tax Act and the Indian Companies Act. The Committee thought that these returns ought to provide sufficient material for measuring the economic progress of the country. As regards the distinction between Indian and foreign capital, it was felt that it would be difficult for many companies to comply with the requirements of the Bill. In the opinion of the Committee, what a company ought to know, and in fact knew, were the names and

addresses of persons who had invested their money in the concern, irrespective of their nationality, and they feared that any attempt to secure information regarding nationality, domicile, etc., of individual contributories to a company might not be responded to, and would, therefore, be likely to fail. In the circumstances, the Committee opposed the provisions of the Bill which, they felt, could not in the long run fail to discourage the flow of capital into India for the development of Indian industries. (*Appendix 43.*)

EMPLOYERS' LIABILITY ACT, 1938.

(*See also pages 33 and 205 of Report for 1932.*)

In the Association's report for 1932, reference was made to the views expressed by the Committee on a proposal made by the Royal Commission on Labour in India for the enactment of special legislation incorporating the principle of employers' liability and declaring that certain defences should not be raised in suits for damages in respect of injuries sustained by workmen. Government then appeared to hold that any such measure should exclude all workmen covered by the Workmen's Compensation Act or, in the alternative, should include only such of those workmen who were in receipt of more than Rs. 300 per mensem. The Committee were opposed to the proposal on the ground that it would legislate only for a limited class of operatives, and in view of the general opposition to the measure, the idea was subsequently dropped. However, early in September, a Bill designed to give effect to the Commission's recommendation was introduced in the Central Legislature and was passed.

Under the Act, a workman sustaining personal injury would be empowered to sue his employer for damages if the accident arose out of the negligence of the employer or of persons employed by him. In such suits, it would not be open to the employer to plead :

- (1) the doctrine of common employment by which the employer was not normally liable to pay damages to a workman for an injury resulting from the default of another workman ; and
- (2) the doctrine of assumed risk, by which an employee was presumed to have accepted a risk if it was such that he ought to have known it to be part of the risks of his occupation,

and the workman would not be deemed to have undertaken any risk attached to the employment unless the employer proved that the risk was fully understood by the workman at the time of his employment and that he voluntarily undertook them. (*Appendix 44.*)

THE INDIAN KHADDAR (NAME PROTECTION) ACT, 1934.

(*See also pages 43 and 172 of Report for 1933.*)

In the Association's report for 1933, reference was made to the views expressed by the Association on the Indian Khaddar (Name Protection)

Bill which sought to provide for the protection of the names “Khaddar” and “Khadi” used as descriptions of cloth spun and woven by hand in India. The Bill was subsequently passed by the Central Legislature and became law on the 13th March 1934. Section 2 of the Act read as under :—

“The words ‘Khaddar’ and ‘Khadi’, whether in English or in any Indian vernacular language, when applied to any woven material, shall be deemed to be a trade description within the meaning of the Indian Merchandise Marks Act, 1889, indicating that such material is cloth woven on handlooms in India from cotton yarn hand-spun in India.”

Although the Act came into force on 13th March 1934, Section 2 was to become operative in any Province on such date as the Local Government might, by notification in the official *Gazette*, appoint in this behalf. The Government of Bombay, accordingly, notified the 25th March 1938 as the date on which this section of the Act would come into operation in the Province of Bombay.

The effect of the notification was that the terms “Khaddar” and “Khadi” would hereafter be deemed to be trade descriptions under the Indian Merchandise Marks Act, 1889, denoting cloth woven on handlooms in India from cotton yarn hand-spun in India. Mill-made goods which were stamped or sold as goods bearing these descriptions would, therefore, be subject to the penal provisions of the Act which laid down a punishment of imprisonment for a term extending to three months or a fine extending to Rs 200 for the first offence, and imprisonment extending to one year or fine or both in the case of a second or subsequent conviction.

Member mills were, therefore, advised to take adequate steps to ensure that no goods were issued out of their concerns which were stamped or sold as “Khadi” or “Khaddar” and that no contracts were entered into or sale notes issued including the terms “Khadi” or “Khaddar.” (*Appendix 45.*)

THE INDIAN RAILWAYS (AMENDMENT) BILL.

Towards the end of March, the Committee were invited to express an opinion on the provisions of the Indian Railways (Amendment) Bill introduced in the Central Legislature on the 9th February 1938. The main object of the Bill was to empower “the Federal Railway Authority” to fix the maximum and minimum rates for the whole or part of any railway system in India. It appeared that these powers were being exercised by the Government of India through the Railway Board, but that there was no statutory authority for it. The Bill was designed to set the matter right.

On an examination of the provisions of the Bill, in conjunction with the debate which took place in the Central Legislature when the measure was considered earlier in the year, the Committee felt that no sufficient reasons had been adduced by Government as to why the Legislature should, in advance of the actual constitution of the Federal Railway Authority, give that body certain powers. It was thought that no case for urgency had

been made out and that, until something more of the composition, powers and functions of the Federal Railway Authority was known, the Committee should not have been called upon to recognise the existence of such a body in the manner suggested in the Bill. The Committee, therefore, suggested that the Federal Legislature might well be left to deal with the question when it arose. (*Appendix 46.*)

THE CENTRAL PROVINCES AND BERAR FACTORIES AMENDMENT BILL, 1938.

Towards the end of the year, the Committee were invited to express an opinion on the provisions of the Central Provinces and Berar Factories (Amendment) Bill, 1938, which sought to give effect to a recommendation made by the Sub-Committee of the Economy Committee recently appointed by the Central Provinces Government that a fee should be levied for the inspection of factories under the Indian Factories Act, 1934, so as to make the Factory Department self-supporting as far as possible.

The Committee failed to see how the levy of fees for factory inspection could possibly fall within the scope of the terms of reference to the Economy Sub-Committee which was presumably appointed to make recommendations "with a view to effecting economy and securing the maximum possible reduction in the cost of administration consistent with reasonable efficiency." Even if it were contended that proposals for additional revenue could not be entirely dissociated from retrenchment, no really effective and convincing argument had been put forward for the proposed levy. In their view, the Indian Factories Act was essentially labour legislation and as such it should be a charge on the general revenues of the State. It also appeared doubtful whether the levy of inspection fees would not be repugnant to the provisions of the Indian Factories Act, 1934. The Committee suggested that if the revenues of the Central Provinces could not afford an increase in the factory inspection staff, the Provincial Government could nevertheless discharge the responsibilities conferred on them by the Indian Factories Act by appointing ex-officio inspectors of factories. In their opinion, factory inspection, unlike boiler inspection, was chiefly work of an administrative character and did not call for the same special technical qualifications.

The Committee further maintained that lack of co-ordination in matters relating to labour legislation was bound to create an extremely undesirable situation and might lead to an industry in one Province having an advantage or disadvantage in competing with that of a neighbouring Province on account of the "cautious" or "advanced" policy pursued by the Government of the former. They, therefore, urged that the Central Provinces Government should get into touch with other Provincial Governments in order to secure a co-ordinated or a planned labour policy. (*Appendix 47.*)

THE CENTRAL PROVINCES AND BERAR MINIMUM WAGE
FIXING MACHINERY BILL, 1938.

Towards the end of the year, the attention of the Committee was drawn to the Central Provinces and Berar Minimum Wage Fixing Machinery Bill, 1938. In the Statement of Objects and Reasons attached to the Bill, it was stated :

“The workers in industrial and other occupations are paid very low wages which are considerably below the real value of the work done. Such low wages are not even sufficient for the subsistence of the workers and their families.”

The Committee maintained that in the case of cotton mill workers this statement was entirely unwarranted. The Bill was described as providing for the purpose of setting up machinery “for fixing minimum wages based on a reasonable standard of living.” This description, read with the statement in the Objects and Reasons that “such low wages are not even sufficient for the subsistence of the workers and their families,” seemed to indicate that what the framers of the Bill had in mind were minimum wages based on a reasonable standard of living, but no indication was given as to what the term “reasonable standard of living of workers” meant and what items it included. In the opinion of the Committee, any legislation to provide for the payment of a minimum wage of the nature contemplated by the Bill should be preceded by an exhaustive and broad based investigation to ascertain :—

- (a) What constituted a reasonable standard of living for unskilled workers ?
- (b) What should be the composition of a worker's family and whether the earnings of all members of the family should be taken into account or only the earning of the head of the family ?
- (c) What items should be provided for in fixing such a standard ?
- (d) Whether a minimum should be fixed only for adult unskilled workers or for all workers ?
- (e) The capacity of the industry to pay the wage proposed.

The Committee contended that the working class cost of living figures collected by the Central Provinces Government would not afford a satisfactory basis, since, if anything, they could indicate what the cost of living was at a particular moment for the community as a whole, which would not necessarily be “a reasonable standard” for unskilled workers. These matters were being exhaustively examined by the Textile Labour Inquiry Committee appointed by the Bombay Provincial Government, and the Committee suggested that the Central Provinces Government should take the opportunity of studying the evidence submitted to and the recommendations made by that Committee before proceeding with the Bill.

The Committee maintained that the textile industry in India was by no means a sweated industry and that textile workers must be included among the more prosperous members of the working class. They, therefore, strongly felt that even if the Central Provinces Legislature desired to proceed with the Bill, a case existed for its application being limited to industries which fell within the scope of the Convention adopted by the International Labour Conference in 1928, namely, home working trades in which no arrangements existed for the effective regulation of wages by collective agreement or otherwise and wages were exceptionally low. (*Appendix 48.*)

THE CENTRAL PROVINCES AND BERAR COLLECTION OF STATISTICS BILL, 1938.

Towards the end of the year, the attention of the Committee was drawn to the Central Provinces and Berar Collection of Statistics Bill, 1938. It was stated in the Statement of Objects and Reasons appended to the Bill :—

“ With the growing awakening of labour to its rights and with the increasing demand for Government intervention in trade disputes, it is necessary to have accurate and complete statistics as to the economic conditions of labour and the financial position of industry. Without statutory powers, however, statistics may not be supplied by the persons concerned accurately, punctually or completely. The object of this Bill is to provide that statutory authority, but it is definitely limited in its scope.”

The type of statistics to be collected embraced the following matters :—

- (a) prices of commodities and cost of living ;
- (b) housing and rent of dwellings ;
- (c) rates of wages and hours of labour, absenteeism, labour turnover and benefits provided for employees ;
- (d) employment and unemployment ;
- (e) industrial disputes ; and
- (f) any other matter connected with any economic inquiry which the Provincial Government might, by notification, direct.

While conceding the demand for accurate and complete statistics, the Committee were unable to agree that “ without statutory powers, statistics may not be supplied by the persons concerned accurately, punctually or completely.” In their view, the successful results achieved by the Bombay Labour Office, which, since its inception in 1920-21, had conducted no less than four comprehensive inquiries into wages alone in the cotton textile industry of the Province, were mostly due to the willing collaboration of employers and their organisations, and they saw no reason to think that the attitude of employers in the cotton textile industry of the Central Provinces

would be different if their voluntary co-operation was requisitioned in such matters. The Committee felt that an investigation in any of the matters covered by the Bill could only be successfully carried out if the practical and expert knowledge of the employer was freely made available to Government from the very beginning, e.g., from the preparation of the questionnaire or inquiry form to the final stage when the mass of data collected was tabulated and conclusions were drawn, and they strongly felt that this spontaneous co-operation would not be forthcoming if the employers were compelled to submit statistics. As a first step, they suggested the establishment in the Central Provinces of a Labour Office for the purpose of collecting such statistics as might be found necessary from time to time.

The Committee, in conclusion, stressed the need for uniformity in such legislation in all Provinces, and suggested that the collection of statistics was another matter in which co-ordination between the various Provinces might lead to the evolution of a standard basis which was so essential if the results attained in one Province were to be compared with those of another.

The detailed criticisms of the Committee on the provisions of the Bill will be found reproduced in *Appendix 49*.

THE CENTRAL PROVINCES AND BERAR UNEMPLOYMENT RELIEF BILL, 1938.

Towards the end of the year, the attention of the Committee was drawn to the Central Provinces and Berar Unemployment Relief Bill, 1938, which was intended to provide relief to persons thrown out of employment on the ground of economy or technical unsuitability for a particular job and other workers who had been out of employment for six months after the loss of a job for any reason whatsoever. Funds for the payment of this relief were sought to be provided by a levy on employers of a contribution equivalent to a quarter of an anna per worker per day. Workers would also be called upon to contribute a quarter of an anna per day which would be deducted from their wages. The Provincial Government would also contribute an unspecified amount each year to the unemployment relief fund.

In the first place, the Committee doubted the capacity of the Central Provinces industry to shoulder a responsibility of the nature contemplated by the Bill in addition to a minimum wage or a reasonable living wage standard and any indirect benefits which might be provided for later. They strongly felt that the employer's capacity to contribute to such schemes and also provide for such other indirect benefits, like holidays with pay, sickness insurance, etc., which appeared to be the key-note of the election pledges of the Congress Government, would mainly depend on the amount of cash wages which he had to distribute. In their opinion, the question of wage levels in the Central Provinces had only been temporarily settled, and there was a probability of its renewal as soon as the Bombay Textile Labour Inquiry Committee's Report was published. In the circumstances, the Committee maintained that there existed a strong case for postponing consideration of the Bill till the wage question had been finally solved. It was also

maintained, judged by the experience of Bombay mills, that it would be impossible for the Indian cotton textile industry to maintain wages at the existing levels.

Another point which, in the opinion of the Committee, had to be taken into consideration was that, in the event of other Provinces not undertaking similar legislation, the industry in the Central Provinces and Berar would be penalised in competing with the manufactures of other Provinces. This again brought to the fore the desirability of co-ordinating social and labour legislation in all Provinces.

Criticising the various clauses of the Bill, the Committee opposed in principle the singling out of industrial establishments for the purpose of such legislation when the wages paid and the conditions of service in such establishments compared so favourably with those of manual and agricultural workers. They considered it necessary to restrict the relief proposed by the Bill to those types of unemployment which were unavoidable, for instance, unemployment resulting from the introduction of rationalisation or efficiency measures. The need for the rate of unemployment relief being specified in the Bill itself was also stressed.

Clause 9 of the Bill read :

“(1) No employer of a factory or industrial establishment to which this Act applies shall, as a measure of retrenchment, dispense with the services of any of his workers without the concurrence of the recognized trade union concerned, and, where such trade union objects to the dispensing with the services of two or more workers, the Provincial Government shall cause an inquiry to be made into all the relevant facts with a view to find out any suitable alternative to retrenchment. Pending the result of such inquiry, no worker shall be removed from service on grounds of economy.

(2) No employer of a factory or industrial establishment to which this Act applies shall, without assigning reasons to the Provincial Government and the recognized trade union concerned, recruit, three months before and three months after the date of retrenchment of any of his staff, any worker to do the same or similar job that was being done by the worker whose services were dispensed with.”

The Committee urged that this clause should be entirely deleted or substantially altered. In their view, trade unions, run and controlled as they were at the moment, might be expected to oppose strenuously the introduction of even the most modest form of rationalisation or efficiency schemes which might result in the displacement of some workers even though such schemes gave increased earnings to the remaining workers. If the clause was passed, as it stood, it was felt, Government would find themselves in the unfortunate position of having to undertake elaborate inquiries more often than they appeared to realise. It was pointed out that in these days of keen competition, if the industry was to survive, every effort should be made to reduce the cost of production by introducing any reasonable efficiency measures. While it was realised that the introduction of such schemes would be facilitated by the co-operation of labour, the Committee held that until such time as labour recognised the necessity and advantages of rationalisation, employers could not reasonably be expected to postpone the introduction of whatever efficiency schemes might be considered suitable in individual

circumstances, and that nobody should have any objection to them so long as there was adequate remuneration for the work done. (*Appendix 50.*)

PROTECTION TO THE MAGNESIUM CHLORIDE INDUSTRY.

(*See also page 55 of Report for 1931.*)

In connection with their inquiry into the question of the desirability of continuing measures for the protection of the magnesium chloride industry after the 31st March 1939, the Secretary, Tariff Board, furnished the Association in December 1937 with a copy of the questionnaire issued by the Board and requested the Committee to express an opinion on any of the questions or on the effect of the protective duties on magnesium chloride on the textile or other industries. The Committee, in reply, indicated that they had no objection to the continuance of the existing protective duties on imported magnesium chloride for a reasonable period of time, as a measure of assistance to the indigenous industry. (*Appendix 51.*)

ESTABLISHMENT OF A TESTING HOUSE IN BOMBAY.

(*See also pages 82 and 234 of Report for 1937.*)

In the last report of the Association, reference was made to certain proposals framed by a joint Sub-Committee of the Bombay and Ahmedabad Millowners' Associations in collaboration with the Indian Central Cotton Committee for the establishment of a commercial Testing House in Bombay. These proposals were subsequently approved by the full Committee of the Indian Central Cotton Committee. One of the suggestions made for the popularisation of the Testing House was :—

“That from the inception of the scheme publicity and propaganda should be undertaken by the Indian Central Cotton Committee, the Millowners' Association, Bombay, the Ahmedabad Millowners' Association and other associations connected with the buying and selling of raw cotton and the manufacture and distribution of cotton yarn and piecegoods to popularise the Testing House.”

Accordingly, towards the end of the year, a brochure dealing with the activities of the Laboratory was issued jointly under the authority of the Indian Central Cotton Committee and the Millowners' Associations of Bombay and Ahmedabad.

WHARFAGE CHARGES ON LIQUID GLUCOSE.

Early in January, the attention of the Committee was drawn to an alleged increase in the wharfage charges levied by the Bombay Port Trust authorities with effect from the 1st January 1938. It was pointed out that as a result of the increase cotton mills in the Presidency had to pay wharfage on liquid glucose at the rate of Rs. 2-13-6 per barrel as against Rs. 1-3 which was the rate applicable at the end of 1937. The increase thus worked out to

about 133 per cent. over the previous rate of 4 annas per cwt. in the case of glucose. It was understood that the bulk of the liquid glucose imported into this country was consumed in cotton mills where the product was used as a sizing ingredient. The increase in the wharfage rate, therefore, constituted a direct charge on the cotton mill industry.

The Committee felt that neither the improved state of the Port Trust finances nor the reductions made in the wharfage rates applicable to certain other commodities justified an increase in the wharfage rate imposed on liquid glucose. On the other hand, in view of the continued depression in the textile industry, there appeared to be a very strong case in favour of a reduction in its burdens. The matter was, therefore, taken up with the Port Trust authorities, and the position appeared to be that while glucose packed in cases, small tin containers or bottles—that is ordinarily used for confectionery or medicinal preparations—was charged wharfage at 6 annas per cwt., glucose packed in bags, barrels, drums and kegs, whether in solid or liquid form and imported for sizing purposes, was charged at Rs. 3 per ton, the rate previously in force. (*Appendix 52.*)

PAYMENT OF BROKERAGE BY BOMBAY MILLS.

Towards the end of October, the attention of the Committee was drawn by the Bombay Country Fancy and Grey Piecegoods Merchants' Association to the varying systems and scales of brokerage adopted by mills in Bombay and their selling agents in respect of sales effected through brokers. It was pointed out that different percentages of brokerage were in vogue and that these amounts, too, were not given at the time of receiving payment for the goods sold, but a long time thereafter at the sweet will and convenience of mills and their selling agents. This procedure, it was stated, caused great inconvenience and difficulties to the brokers. It was, therefore, suggested that the existing practice should be replaced by a uniform procedure to be adopted by all mills, whereby the amount of brokerage would be deducted at the time when payment was received by the mills or their selling agents.

The suggestion was examined by the Committee, but it was thought that brokers should ordinarily be able to receive their dues from the selling agents when the buyers had paid for and taken delivery of the goods and all outstanding points, if any, arising out of any particular contract had been settled. (*Appendix 53.*)

RAILWAY FREIGHT RATES ON BUMP YARN.

(*See also page 98 of Report for 1936.*)

In the Association's report for 1936, reference was made to the efforts made by the Committee to bring about a reduction in the high railway freight rates on bump yarn despatched from Bombay to the more important consuming markets up-country and to the introduction by the B. B. & C. I. and

G. I. P. Railways of reduced station-to-station rates for this traffic to the following stations :

<i>From</i>	<i>To</i>	<i>Rate per maund (O.R.) Rs. a. p.</i>	
Bombay	Ahmedabad, Asarva or	.. 0 12 3	From 1-1-1936.
(Carnac Bridge) or	Kankaria	.. 1 12 5	Do.
B. P. T. Railway	New Delhi	.. 1 11 8	Do.
Stations.	<i>Via</i> New Delhi	.. 1 12 0	Do.
	<i>Via</i> Kasganj	.. 1 11 11	Do.
	<i>Via</i> Kotkapura	.. 1 8 8	From 7-12-1936.
Bombay	Cawnpore C. G. Shed	.. 1 7 0	Do.
Bombay (<i>via</i> Naini) ..	Bhagalpur	.. 1 10 0	Do.
	Patna City	.. 1 10 0	Do.
	Patna Junction	.. 1 10 0	Do.

The possibility of extending the system of special reduced rates to other stations was taken up early in the year, and the following rates have since been brought into force by the Railway authorities :—

<i>From</i>	<i>To</i>	<i>Rate per maund (O.R.) Rs. a. p.</i>	
Bombay	Erode	.. 1 14 8	
	Tinnevely	.. 1 7 4	
	Bhopal	.. 1 3 7	From 7-7-1938.
	Muttra	.. 1 12 0	From 7-7-1938.
	Bareilly	.. 2 1 3	From 15-7-1938.
	Cawnpore C. G. Shed	.. 1 4 0	From 18-7-1938.*
	Moradabad (<i>via</i> New Delhi and Ghaziabad)	.. 1 15 9	From 15-11-1938.

* For an experimental period of one year upto 31st July 1939.

PROPOSED AMENDMENT OF SCHEDULE "H" TO THE CITY OF BOMBAY MUNICIPAL ACT, 1888.

(See also pages 113 and 286 of Report for 1937.)

In the last report of the Association, reference was made to the views expressed by the Committee on certain proposals put forward by the Bombay Municipal Corporation to the Government of Bombay for a revision of Schedule "H" to the City of Bombay Municipal Act, 1888, so as to extend the list of commodities on which Town Duty is to be levied and to enhance the rates of duty on certain others already subject to a Town Duty. The Committee opposed the proposed amendments to Schedule "H" on the grounds that it was absolutely essential to preserve Bombay's place as the premier importing and exporting centre in Western India that no attempt should be made to place any impediment on the free flow of traffic in commodities and that from the point of view of the consumer it was wrong in principle to levy tax on commodities which were already heavily taxed. It would appear that, simultaneously with their acceptance of the 1937 proposals, the Corporation requested the Municipal Commissioner to submit fresh proposals to levy Town Duty, *inter alia*, on "tinned provisions." A

list of these provisions was accordingly drawn up by the Commissioner and approved by the Corporation, who requested Government to give effect to these new proposals also, when undertaking legislation on the proposals already put forward in 1937. In brief, it was proposed to levy Town Duty on all "tinned provisions" imported into Bombay with the exception of milk foods for infants and invalids at a minimum flat rate of one anna per lb. On the basis of the imports during the last three years, this duty was expected to bring in an annual yield of about Rs. 3½ lakhs to the Corporation. Towards the end of October, the Committee were invited to express an opinion on these fresh proposals made by the Corporation.

On a careful examination of the matter, the Committee reiterated their opposition to any further extension of Schedule "H" in view of the practical considerations urged by them when expressing their views in November 1937 on the original proposals put forward by the Corporation. (*Appendix 54.*)

DEFINITION OF READY DELIVERY CONTRACTS IN STOCKS AND SHARES.

Early in April, the attention of the Committee was drawn to paragraph 72 (2) of the Stock Exchange Enquiry Committee's Report, which read as under :—

" 'Ready Delivery Contract' has been defined in this Act (Bombay Securities Contracts Control Act, 1925) as a 'contract for the purchase or sale of securities for performance of which no time is specified and which is to be performed immediately or within a reasonable time.' The question of the reasonable time is in each particular case a question of fact. It is evident that this is a very vague definition inasmuch as it lays down no definite time for the completion of the contract. This facilitates evasion and vitiates any rules the Association might draft to define 'ready delivery bargain.' We suggest, therefore, that the Act should be amended so as to make 'ready delivery contract' mean a contract which must be implemented by the actual delivery of and payment for the security specified in such contract on any business day not later than the seventh day from the date of the original contract."

It would appear that the Native Share and Stock Brokers' Association, while agreeing entirely that the existing definition of "ready delivery contract" was unsatisfactory, considered that the amendment proposed by the Stock Exchange Enquiry Committee did not go far enough in view of the fact that if any period was fixed for the settlement of ready delivery contracts, forward business would continue under the guise of ready delivery. They, therefore, proposed that a "ready delivery contract" should be defined as a contract for the purchase or sale of securities for delivery and payment on the business day next following the date of the contract.

The Government of Bombay felt that the subject was one of considerable importance as it involved a distinction being drawn between ready delivery and forward transactions, and thus affected the whole question of Government control over forward trading in stocks and shares. They were provisionally inclined to the view that the amendment proposed by the Stock Exchange Enquiry Committee was not adequate and that in order that control over forward trading might be effective, a definition on the lines

suggested by the Stock Brokers' Association might be necessary, but before coming to a decision, they desired to obtain the views of commercial associations and banks in Bombay, and invited the Association to express an opinion in the matter.

The Committee held that the acceptance of the definition suggested by the Native Share and Stock Brokers' Association would create great practical difficulties whenever transactions involved parties not actually resident and available in Bombay at the time when ready transactions were put through. At the same time, they did not agree with the view expressed by the Indian Stock Exchange Ltd., that there was absolutely no necessity for fixing by statute the period of delivery and payment for a ready delivery contract and that the existing definition of such a contract in the Bombay Securities Contracts Control Act, 1925, was wholesome and proper. In the opinion of the Committee, the recommendations of the Morrison Committee constituted an appropriate *via media*, and they suggested that this definition of "ready delivery contract" should be adopted and the Bombay Securities Contracts Control Act amended accordingly. (*Appendix 55.*)

APPRENTICE SCHEME.

(*See also page 123 of Report for 1937.*)

In the Association's report for 1936, reference was made to the support extended by the Association to a scheme framed by the Government of Bombay for the vocational training of educated youths. The scheme was approved by Government, and the first batch of apprentices was admitted in June 1937.

During the year, several questions connected with the training of the apprentices in mills came up for consideration before the Committee. A brief resume of these subjects is appended below :—

(1) *Workmen's compensation payment.*—Clause 8 of the form of indenture which it was proposed should be executed by mills and the Government apprentices was worded as under :—

"It is hereby agreed that for the purpose of assessing compensation payable under the Workmen's Compensation Act in respect of injury or disability suffered by the apprentice during the period of his apprentice-training, the monthly wage of the apprentice, where it is less than Rs. 30, shall be reckoned at Rs. 30."

The Committee felt that the clause as drafted sought to establish an undesirable precedent in the matter of compensation under the Indian Workmen's Compensation Act, which assessed the damage sustained by the injured on the basis of the actual wages earned by him and further afforded a privileged position to indentured apprentices as against other workers in the mills who received compensation on the basis of the actual wages earned by them.

(2) *Proposed penal provision in indenture.*—On being asked to express an opinion regarding the desirability of incorporating a penal provision in the indenture which would have the effect of discouraging both the apprentices and the employers concerned to terminate the indenture without due notice, the Committee held the view that the inclusion of such a clause in the indenture was unnecessary.

(3) *Vacation for apprentices.*—Towards the middle of May, the attention of the Committee was drawn to a memorial submitted by apprentices under the Government scheme suggesting that, before they embarked on the second year of their training, they needed a vacation so as to be relieved from the strenuous work they had put in during the first year of their term of indenture. The Committee decided that no special privileges in regard to leave, not obtainable by other operatives, should be sanctioned, as, in their opinion. Rule 8 of the Association's Standing Orders for Operatives provided for the grant of leave without pay, and such leave was not usually difficult to obtain. It was felt that provided the mill was not greatly inconvenienced, reasonable leave without pay would be given to apprentices on application after reasonable periods of service.

(4) *Identification badges for apprentices.*—A suggestion that identification badges should be issued by mills to Government apprentices to denote that the apprentices were learners and to help the mill staff in distinguishing them promptly in circumstances where they were liable to meet with or cause an accident due to carelessness or ignorance, was considered by the Committee early in July, but was turned down on the ground that such badges would be resented by the apprentices themselves and would not, in any way, serve to reduce the incidence of accidents.

(5) *Early release of apprentices to attend evening classes.*—It was suggested that employers should let off their apprentices not later than 3-30 p.m. on the days they had to attend evening classes. The Committee felt that this request should be sympathetically considered in the case of first-year students who would not ordinarily have been placed on permanent jobs. As regards apprentices of more than one year's service, the Committee held that it would not ordinarily be possible to relieve them at 3-30 p.m. as the machines at which they were working would have to be stopped from 3-30 p.m. to 5-30 p.m., and this would cause a loss in production. The only reasonable way out of the difficulty in the case of second, third and fourth year apprentices, therefore, appeared to be to start the classes at a later hour than at present so that those attending could obtain a meal and a short rest after the closure of the mill and before the commencement of the evening classes.

(6) *Practical training of apprentices.*—Early in June, the Committee were invited to give favourable consideration to the following resolution which had been passed by the Advisory Committee of the apprentice scheme :-

“The Committee requested the Director of Industries to address the industrial concerns co-operating in the apprentice scheme suggesting to them that they should hold some competent persons in their staff responsible for the practical training of apprentices accepted by them under the scheme.”

The Committee held that the proposed plan could not appropriately be adopted in cotton mills in Bombay for the following reasons. It appeared that a system similar to that followed in Lancashire was adopted in Bombay for the training of the Government apprentices. The apprentice first selected the section in which he was particularly interested or for which he considered he had a special aptitude. On the selection being made, he was assigned to the journeyman or jobber of that section, who started him in the initial stages of his work in that section. The apprentice made himself thoroughly acquainted with the various manipulative processes there, and under the supervision of the jobber and the weaver or spinner, rose to graded jobs in that section according to his ability, under which he came to occupy the post of jobber or overseer. The apprentices allotted either to carding or spinning continued to specialise in that department only. Similarly, a weaving apprentice worked in the weaving shed and did not go from weaving to winding, warping or sizing, although these sections were allied to weaving. On the spinning side, an apprentice could work up to be a chargeman either in carding or spinning after having made himself thoroughly familiar with the machinery and acquired proficiency in working in either section.

The Committee were of the opinion that, taking into consideration the object for which the apprentice scheme was originally introduced, the system of training now in vogue appeared to meet the needs of the case. However, later in the year, the Advisory Committee to the Apprentice scheme urged that, during the first eighteen months of the apprenticeship, the apprentices should be given a broad experience of the general working of the department to which they were allotted so that their aptitude for a specific job in that department in which they were to specialise later on could be ascertained.

The Committee were tentatively of the view that Government apprentices should be given a general training for the first twelve months by a system of rotation of jobs in the same section as chosen by the manager of the mill. It was thought that after a general training of twelve months, the apprentices should be put on regular jobs and that "time-off" should only be allowed during the first twelve months.

At the same time, the Committee felt it desirable that a careful inquiry should be made as to whether the apprentice scheme as worked in Bombay cotton mills was likely to achieve the objects which Government had in view when they originally sanctioned the scheme, and suggested that a joint meeting between the Labour and Technical Advisory (Managers) Sub-Committee of the Association and the special Advisory Committee of the Government Apprentice scheme might be held at an early date for the purpose of carefully examining the whole scheme and making recommendations as to whether, and if so in what respects, the existing scheme required alteration.

The suggestion has since been accepted, and the joint discussions will probably take place early in 1939.

WORKMEN'S COMPENSATION INSURANCE.

HOSPITAL EXPENSES OF WORKERS.

Towards the middle of May, the attention of the Committee of the Association was drawn to a suggestion made by the Commissioner for Workmen's Compensation, Bombay, to the Bombay Accident Insurance Association that insurance companies should agree to pay hospital and other legitimate medical charges which had been incurred by a workman on the authority, expressed or implied, of his employer. The Commissioner appeared to admit that there was no legal liability on the employers to pay such charges and that insurance companies covered only the employers' liability under the Workmen's Compensation Act. It was pointed out that the policy of Government in the past few years had been to require hospital patients to pay according to their means for hospital treatment, and employers, who sent their employees to hospital, were made liable for certain fees for the maintenance of the employees. It was argued that hospital treatment, especially early attendance on a casualty, was directly beneficial to the insurance companies, as, by curing a patient or reducing the severity of his injuries, hospital or other medical treatment substantially reduced the insurers' liability. The same argument also applied in the case of an employer who did not insure, and the Commissioner was of the opinion that it was only reasonable that the workers' medical charges should be paid. He, therefore, suggested that the Accident Insurance Association should consider the desirability of insurance companies paying hospital or other legitimate medical charges which had been incurred by a workman, on the authority, expressed or implied, of his employer.

The Committee of the Accident Insurance Association were, however, unable to recommend any departure from the established principle of insurance companies indemnifying an employer against his liability to pay compensation under the Workmen's Compensation Act, 1923, the Indian Fatal Accidents Act, 1855, or at common law. They pointed out that apart from the difficulty of assessing the undefined liability sought to be imposed on insurance companies, the cost of which would possibly be reflected by an increase in rates of premium, the acceptance of the Commissioner's suggestion by their members would, in effect, imply the acceptance by employers insured with them of an additional liability not imposed by statute.

On an examination of the suggestion made by the Commissioner in conjunction with the Board of Directors of the Millowners' Mutual Insurance Association, the Committee of the Association entirely agreed in principle with the view put forward by the Bombay Accident Insurance Association that employers should not be called upon to undertake liability for any charges other than those devolving on them under the law, and that any attempt to depart from established practice in this regard must be resisted. However, on representations from some of their member mills, the "Mutual" subsequently agreed to make *ex gratia* reimbursements to member mills in respect of fees which they might be called upon to pay for the

treatment and maintenance of their employees in Government hospitals, without any extra premium. (*Appendix 56.*)

PROPOSED INTRODUCTION OF THE ELECTIVE PRINCIPLE INTO APPOINTMENTS TO THE INDIAN ACCOUNTANCY BOARD.

(*See also pages 64 and 307 of Report for 1928.*)

On page 64 of the report for 1928, reference was made to the views expressed by the Committee on a proposal framed by the Government of India for the establishment of an all-India Accountancy Board. The Committee then held that the establishment of an all-India Accountancy Board was only a first step towards the building up in India of an association or associations of Chartered Accountants of the same standing and reputation as those which existed in the United Kingdom and elsewhere, and they supported the proposal made on the understanding that the establishment of an Accountancy Board would not indefinitely postpone the attainment of the ultimate ideal of the scheme, namely, the formation of an Institute of Accountants.

It would appear that when the amendment of the Indian Companies Act, which brought into being the Indian Accountancy Board, was considered in the Select Committee of the Central Legislature, it was suggested that the first members of the Board should be nominated by the Governor-General in Council for a fixed period, but that on re-constitution, the Board should contain a progressively increasing elected element. The first and second Board were nominated, but in accordance with a recommendation made by Provincial Governments and the Accountancy Board for the introduction of the elective principle into appointments to the Accountancy Board, the second term of the Board, which expired on the 1st April 1938, was extended by one year, and the following draft scheme was framed by Government :—

“ Rule 49 of the Auditor’s Certificate Rules lays down that the Indian Accountancy Board shall consist of not less than fifteen and not more than twenty members appointed by the Central Government. Two members shall be persons in the service of Government and of the remainder not less than two-thirds shall be professional accountants. The twenty seats on the Board are proposed primarily to be distributed as follows :—

Persons in the service of Government	..	..	..	..	..	2
Representatives of business	..	..	..	..	..	4
Professional accountants	..	..	..	..	..	12
To redress any inequalities	..	..	..	..	..	2
						20

Persons in the service of Government and representatives of business will be nominated by the Central Government. The professional accountants will be all elected.

2. For the purpose of election, India will be divided into the following four territorial constituencies :—

- (1) Bengal (including Assam and Orissa).
- (2) Bombay (including Rajputana and Ajmer-Merwara).
- (3) Madras (including Cochin, Mysore and Hyderabad States).
- (4) Other Areas, i.e., (United Provinces, Punjab, Central Provinces and Berar, Bihar, North West Frontier Provinces, Sind and Delhi).

The number of seats allotted to a constituency is based roughly on the number of Registered Accountants in that constituency.

3. Only approved accountants will be eligible for election to the Board.

4. Each Registered Accountant will have one vote, and if he has offices in more than one province, he will be allowed to vote only in the province in which he is registered with the Central Government.

5. There will be no separate electorate for any class of Accountants."

It was pointed out that the scheme had been drawn up in order to facilitate discussion, but that Government were not committed in any way regarding the manner of nomination except that they wished to nominate one member to represent business interests in each of the four territorial constituencies.

From a detailed examination of the scheme formulated by Government, it appeared that the proposed Accountancy Board would consist of 18 members, of which two would be persons in the service of Government ; four non-official business men nominated by Government—one from each of the four territorial constituencies ; and twelve elected non-officials drawn from professional accountants—three from Bengal, four from Bombay, three from Madras and two from other areas. In the case of Bengal and Bombay, however, one of these elected seats would be reserved for a European Chartered Accountant.

The Committee felt that the proposals made by Government were on the whole on right lines, and they were inclined to support them. At the same time, they felt that reservation on a communal basis should, as far as possible, be avoided, and they, therefore, suggested that the special seat in Bengal and Bombay should be reserved for a British trained Chartered Accountant. (*Appendix 57.*)

ACCIDENTS THROUGH FLYING SHUTTLES IN COTTON MILLS.

(See also pages 58 and 263 of Report for 1927.)

In the Association's report for 1927, reference was made to a recommendation made by the Committee suggesting the desirability of member mills gradually replacing the hook type of shuttle guards by the bar type as a means of preventing accidents due to flying shuttles in weaving departments.

Statistics of accidents compiled by the Millowners' Mutual Insurance Association for the last three years appeared to indicate a high incidence of accidents by flying shuttles in the weaving sheds of cotton mills. During this period, it was, for instance, found that while the average percentage of the "flying shuttle" accidents to all accidents remained constant at 4.5, it was as high as 15.3 of the accidents in the weaving sheds. In the circumstances, it was suggested that the matter might be investigated by the Association with a view to suitable action being taken to minimise the incidence of these accidents in mills.

The matter was accordingly taken up, and the Committee once again stressed the desirability of all mills substituting the bar type of loom guards for the hook type as and when replacements became necessary, since the advantages both from the point of view of accident prevention and cost of maintenance appeared to lie in favour of the bar type of loom guards. (*Appendix 58.*)

PROPOSED INTRODUCTION OF "BUSINESS REPLY
TELEGRAMS" IN INDIA.

Towards the middle of October, the Committee were requested to express an opinion on the proposed institution in India of the system of "business reply telegrams" such as is at present in vogue in the United Kingdom. From a brief description of the system in use in England, furnished to the Association, it appeared that the "business reply telegram" system was an extension of the facility, at present available in India, whereby business reply post cards and envelopes are transmitted by the post without pre-payment of postage, and postage is collected in cash from the addressee on delivery; in other words, business reply telegrams would be transmitted without pre-payment of the requisite telegraph charges by the sender of the telegram, and the telegraph charges on the reply telegram would be recovered from the addressee on delivery of the telegram.

The Committee, while approving the scheme, expressed the hope that the introduction of the system in India would be accompanied by a reduction in the telegraph charges. In the United Kingdom, the minimum charge for a business telegram appeared to be 6d., and it was suggested that the minimum charge for a similar telegram in this country should be reduced to As. 6 per twelve words. (*Appendix 59.*)

FLOOD RELIEF IN THE UNITED PROVINCES AND BENGAL.

In response to appeals for assistance received from several official and unofficial organisations in the areas affected by floods in Bengal and the United Provinces in the middle of the year, the Committee recommended all member mills to donate a sum of Rs. 100 per mill towards the relief operations. As a result of the appeal, a sum of Rs. 5,410 was collected, and the amount was distributed to the two Provinces in equal proportions.

THE KING-EMPEROR'S ANTI-TUBERCULOSIS FUND, BOMBAY PRESIDENCY.

In response to a special appeal issued by the Chairman of the Association, at the instance of His Excellency the Governor, a sum of Rs. 11,603 was donated by member mills towards Her Excellency The Marchioness of Linlithgow's Appeal for the King-Emperor's Anti-Tuberculosis Fund.

PIECEGOODS MARKET REPORTS.

During the year Mr. N. Khaitan, of Messrs. Luchminarain Ramkisonadas, continued to keep the Association informed of the trend of prices and tendencies of the Piecegoods market in Calcutta. A weekly service of reports by Mr. Rama Kant Bhandari on the Amritsar Piecegoods and Yarn Markets was introduced during the year, and these, together with the weekly reports submitted by Mr. Jamshed N. Mody on the Bombay Piecegoods and Yarn Markets, were sent out regularly to all members of the Association and were greatly appreciated.

RAW COTTON STOCKS HELD BY BOMBAY MILLS.

QUANTITY OF RAW COTTON IN STOCK.

Date.	Cotton actually on hand in Mill Godowns.		Ready Cotton bought but delivery not taken.		Total.	
	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.)	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.)	Actual Number of bales.	Actual weight of bales (in Candies of 784 lbs.)
28th February 1938 ..	310,177	164,339	94,193	51,910	404,370	216,249
31st August 1938 ..	353,390	186,837	33,079	17,026	386,469	203,863

These figures do not include the stocks of one working mill.

MILL HOLIDAYS AND PAY-DAYS FOR THE YEAR 1939.

The following Mill Holidays and Pay-Days which are in conformity with the provisions of the Indian Factories Act and the Payment of Wages Act, 1936, have been fixed by the Committee of the Millowners' Association, Bombay, for adoption by all Bombay members of the Association during the year 1939 :—

MONTH.	DATE.	DAY.	FESTIVAL.	PAY-DAY.	
				MILLS EMPLOY- ING 1,000 OR MORE OPERA- TIVES.	MILLS EMPLOY- ING LESS THAN 1,000 OPERA- TIVES.
JANUARY	1st	SUNDAY	New Year Day	Tue. 10th	Sat. 7th.
	8th	SUNDAY			
	15th	SUNDAY			
	22nd	SUNDAY			
	29th	SUNDAY			
FEBRUARY	5th	SUNDAY	Maha Shivratri	Thu. 9th	Tue. 7th.
	12th	SUNDAY			
	17th	FRIDAY			
	26th	SUNDAY			
MARCH	6th	MONDAY	Holi	Fri. 10th	Sun. 5th.*
	7th	TUESDAY			
	8th	WEDNESDAY			
	12th	SUNDAY	Gudi Padva Ram Navami		
	22nd	WEDNESDAY			
	29th	WEDNESDAY			
APRIL	2nd	SUNDAY		Sat. 8th	Fri. 7th.
	9th	SUNDAY			
	16th	SUNDAY			
	23rd	SUNDAY			
	30th	SUNDAY			
MAY	7th	SUNDAY		Wed. 10th	Sat. 6th.
	14th	SUNDAY			
	21st	SUNDAY			
	28th	SUNDAY			
JUNE	4th	SUNDAY	Ashadi Ekadashi	Sat. 10th	Wed. 7th.
	11th	SUNDAY			
	18th	SUNDAY			
	27th	TUESDAY			
JULY	2nd	SUNDAY		Sat. 8th	Fri. 7th.
	9th	SUNDAY			
	16th	SUNDAY			
	23rd	SUNDAY			
	30th	SUNDAY			
AUGUST	6th	SUNDAY	Nag Panchami Narli Purnima	Wed. 9th	Mon. 7th.
	13th	SUNDAY			
	19th	SATURDAY			
	29th	TUESDAY			
SEPTEMBER	7th	THURSDAY	Gokul Ashtami Ganesh Chaturthi Gowri Visarjan Anant Chaturdashi	Sun. 10th	Wed. 6th.
	16th	SATURDAY			
	21st	THURSDAY			
	27th	WEDNESDAY			
OCTOBER	1st	SUNDAY	Dasara	Tue. 10th	Sat. 7th.
	8th	SUNDAY			
	15th	SUNDAY			
	22nd	SUNDAY			
	29th	SUNDAY			
NOVEMBER	5th	SUNDAY	Diwali	Fri. 10th	Tue. 7th.
	11th	SATURDAY			
	12th	SUNDAY			
	13th	MONDAY			
	19th	SUNDAY			
	26th	SUNDAY			
DECEMBER	3rd	SUNDAY		Sat. 9th	Thu. 7th.
	10th	SUNDAY			
	17th	SUNDAY			
	24th	SUNDAY			

*In the month of March, night shift workers have to be paid on the 4th.

Note :—The Mills will work on Sunday, the 31st December, 1939, as they will be closed on Monday the 1st January, 1940.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

For purposes of record, the Indian Customs Tariff, Schedules I and II, appended to the Indian Tariff Act, XXXII of 1934 (as in operation during the year 1939), showing the rates of customs duties levied on goods imported into and exported from British India, together with tariff values assigned to certain articles for purposes of assessment to customs duties during the twelve months January to December 1939, are reproduced in full in *Appendix 60*.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Balance Sheet as at 31st December, 1938.

LIABILITIES.		Rs.	a. p.	Rs.	a. p.	ASSETS.		Rs.	a. p.	Rs.	a. p.
<i>Auditors' Fees, Advertisements, Printing, Stationery, Electric Lights, Fans, etc. unpaid</i>	.. ..	1,050	0 0			<i>Interest accrued on Association's Investment of General Fund upto 31st December 1938, but not received</i>	.. ..	1,386	14 4		
<i>Subscriptions received in advance for 1939</i>	.. ..	9,668	0 0			<i>Outstandings due</i>	.. ..	3,487	4 6	4,874	2 10
<i>Deposits: Arbitration Fees (Contracts)</i>	.. ..	1,310	0 0			<i>Advance payments made on account of Books and Periodicals, Telephones, Salary of Clerk at Calcutta and other sundry items</i>	.. ..			673	10 0
<i>Recoveries from Mills in connection with Municipal Assessments</i>	.. ..	17	1 0			<i>Advances to staff</i>	.. ..			262	8 0
<i>Balance of Association's Magazine Account</i>	.. ..	1,583	0 5	13,628	1 5	ASSOCIATION'S INVESTMENTS AT COST:—					
<i>Balance of Amount appropriated for future propaganda and action for the promotion of the piecgoods and yarn trade of Member Mills</i>	.. ..			30,311	7 1	3½ per cent. Government Promissory Notes		1,83,664	6 0		
						1842/43, 1854/55, 1865 and 1900/01	.. ..	Rs. 2,57,000			
						3½ per cent. Government Loan 1947/50	.. ..	Rs. 33,100			
						3 per cent. Government Loan 1951/54	.. ..	Rs. 10,000			
						4 per cent. Government Loan 1960/70	.. ..	Rs. 58,000			
						2½ per cent. Government Loan 1948/52	.. ..	Rs. 10,000			
								Rs. 3,68,100		2,93,505	6 0
						(Market value of the above is Rs. 3,71,961-3-0).					
						CASH:—					
						With the Imperial Bank of India in General Account	.. ..	10,416	6 5		
						With the Imperial Bank of India in Secretary's Account	.. ..	327	1 0		
						On hand	.. ..	125	0 0	10,868	7 5
						Total Rs.	.. ..	..	..	3,10,184	2 3
Total Rs.	.. ..	..	..	3,10,184	2 3						

Examined and found correct.

BOMBAY, 14th February 1939.

A. F. FERGUSON & CO.,

Chartered Accountants,
Registered Accountants,
Auditors.

T. MALONEY,
Secretary.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Dr.

Income and Expenditure Account for the year ended on the 31st December, 1938.

Cr.

EXPENDITURE.		Rs.	a. p.	Rs.	a. p.	INCOME.		Rs.	a. p.	Rs.	a. p.
To Establishment .. .. .	.. .. .	63,389	4 0	By Subscriptions for the year ended on the 31st December, 1938 .. .. .	.. .. .	87,369	0 0				
" Conveyance Allowances to Secretary, Assistant Secretary, Labour Officer and Assistant Labour Officer .. .. .	.. .. .	4,063	9 0	" Miscellaneous Receipts .. .. .	.. .. .	3,077	5 6				
" Preparation of Monthly Import and Export Statistics for 1938 .. .. .	.. .. .	2,888	11 0	" Registration of Trade Numbers .. .. .	.. .. .	3,811	5 6				
" Preparation of Statistics for the Bombay Cotton Mill Industry for 1937 .. .. .	.. .. .	548	0 0	" Registration of Trade Names .. .. .	.. .. .	3,456	0 0				
" Office Rent .. .. .	.. .. .	4,200	0 0	" Interest on Investments of General Fund, etc. (including interest accrued Rs. 1,386-14-4) .. .. .	.. .. .	13,777	8 8			1,11,491	3 8
" Printing Statistical Returns, Mill Statement for 1938 and .. .. .	.. .. .	7,102	12 0								
" Stationery .. .. .	.. .. .	3,289	9 6								
" Advertisements .. .. .	.. .. .	73	0 0								
" Books and Periodicals .. .. .	.. .. .	730	15 3								
" Auditors' Fees .. .. .	.. .. .	200	0 0								
" Telephones .. .. .	.. .. .	949	8 0								
" Electric Lights and Fans .. .. .	.. .. .	503	8 9								
" Law Charges .. .. .	.. .. .	674	0 0								
" Furniture and Fixtures .. .. .	.. .. .	969	6 0								
" Petty Charges, Sundry Expenses including Postage and Telegrams .. .. .	.. .. .	2,938	0 0								
" Association's Contribution to Provident Fund .. .. .	.. .. .	4,717	4 0								
" Membership subscriptions to Employers' Federation of India, Textile Institute and Royal Asiatic Society for 1938 .. .. .	.. .. .	1,317	14 6								
" Income-tax on Interest on Securities, etc., for Rs. a. p. 1937 .. .. .	.. .. .										
" Income-tax on Interest on Securities (deducted at source), for 1937 and 1938 .. .. .	.. .. .										
" Less provision for Income-tax on Interest for 1937 172 1 0		827	15 0								
" Provision for Income-tax on Interest for 1938 .. .. .	.. .. .	104	15 0								
" Investments: Loss on Redemption of 5½% Government Loan 1938/40 .. .. .	.. .. .	2,213	0 0			1,01,701	4 0				
" ASSOCIATION'S CONTRIBUTIONS FOR THE YEAR TO :—											
The Victoria Jubilee Technical Institute .. .. .	.. .. .	1,500	0 0								
The Police Comforts Fund .. .. .	.. .. .	1,000	0 0								
The Bombay Textile and Engineering Association .. .. .	.. .. .	200	0 0								
The Textile Technical School .. .. .	.. .. .	700	0 0								
The Sir J. J. Hospital Nursing Association Fund .. .. .	.. .. .	500	0 0								
The K. E. M. Hospital Poor Box Fund .. .. .	.. .. .	400	0 0								
The Goculdas Tejpal Hospital Nursing Association Fund .. .. .	.. .. .	200	0 0								
The Naigaum Social Service Centre .. .. .	.. .. .	350	0 0								
The Maharashtra High School .. .. .	.. .. .	150	0 0			5,000	0 0				
" Balance, being excess of income over expenditure carried to Balance Sheet .. .. .	.. .. .					4,789	15 8				
Total .. Rs.		..				1,11,491	3 8			Total .. Rs.	

BOMBAY, 14th February 1939.

Examined and found correct.

A. F. FERGUSON & CO.,
Chartered Accountants,
Registered Accountants,
Auditors.

T. MALONEY,
Secretary.

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December 1938.

PROPERTY AT OPENING AND RECEIPTS.				PROPERTY AT CLOSING.			
	Rs.	a.	p.		Rs.	a.	p.
By Amount of Funds as at the 1st January 1938 ..				To INVESTMENTS HELD AT COST :—			
" Subscriptions received from Members during the year 1938	4,892	4	0	3½ per cent. Government Promissory Notes of 1842/43, 1854/55, 1865 and 1900/1	39,813	6	0
" Contribution from the Millowners' Association during the year 1938	4,717	4	0	3½ per cent. Government Loan of 1947/50 ..	18,859	0	0
" Interest (including interest accrued to date Rs. 1,134-2-4)				4 per cent. Government Loan of 1960/70 ..	61,750	10	0
Less Bank charges .. Rs. 14-11-0	4,893	10	1	3 per cent. Government Loan of 1951/54 ..	7,125	10	0
					1,27,548	10	0
Less claims paid	1,696	12	9				
Less claims forfeited	1,493	4	6	(Note.—The present worth of the above Securities is Rs. 1,44,864-8-0)			
" Lapses and Forfeitures:—				.. Interest accrued and due on the above Securities ..			
Balance as per last Statement				.. Cash with the Imperial Bank of India on Current Account			
Add Amount forfeited during the year ..							
Total Rs. ..				Total Rs. ..			
					1,33,366	6	7

Examined and found correct.

BOMBAY, 14th February 1939.

A. F. FERGUSON & CO.,

Chartered Accountants,
Registered Accountants,
Auditors.

T. MALONEY,
Secretary.

Report for the Year 1938.

Section III.

CORRESPONDENCE.

APPENDICES 1—60.

APPENDIX 1.

ADULT EDUCATION COMMITTEE.

Copy of letter No. 6473/F, dated the 6th January, 1938, from the Secretary to the Government of Bombay, Educational Department, to the Association.

I am directed to say that the Government of Bombay propose to appoint a Committee to advise them on the question of Adult Education, the terms of reference to which are enclosed. The Committee shall have to submit its Report to Government within two months of the first meeting.

2. It is proposed to appoint a representative of your Association to be one of the Members of the Committee. He will be paid all his out-of-pocket expenses. I am to request you to be so good as to say, with the least possible delay, whether your Association will nominate a representative to serve on the Committee, and if so, to state his name and address.

ADULT EDUCATION COMMITTEE.

Terms of Reference.

1. What should be the place of Adult Education in the general system of education in a country like India where literacy is very low ?

2. Please state the different types of Adult Education. What should be the duties of Government in promoting the different types ?

3. How should employers of labour in mills, factories, etc., be required to help Government in promoting literacy among their employees ? Would it be profitable for the management of mills in Bombay, Ahmedabad, Sholapur, etc., and for Railway workshop managements to promote adult education among their employees on the lines followed by the Paper Mills of Mundhwa (Poona) ?

4. Agencies to conduct and supervise adult education. How far should Government avail themselves of the services of the School Boards and their educational staffs for adult education ? Should Adult Education be one of the compulsory duties of School Boards ?

5. Please state whether cheap books and literature for adult schools as well as for "continuation" work are already available and if so please give a list of such books. If these books are not available then the Committee should make suggestions as to how they can be provided.

6. Village Libraries for adults. Their organisation, maintenance and financing.

7. Place of the Magic Lantern, the Cinema and the Radio in Adult Education. How far is it possible to reorganise the present Department of Visual Instruction to enable it to take up the work ?

8. Women's Adult Education—its nature and organization.

9. The Committee should make recommendations regarding the basis on which grant-in-aid for adult education should be made.

10. Certificates for literacy attainments.

Copy of letter No. 501/32, dated the 3rd February, 1938, from the Association to the Government of Bombay, Educational Department.

Further to my letter No. 151/32, dated the 11th January, 1938*, I am writing to inform you that it has now been ascertained that Mr. V. N. Chandavarkar finds he will be unable to serve on the Committee for Adult Education, and it is now suggested that Mr. B. S. Dabke, c/o The Morarjee Goculdas Spinning and Weaving Co., Ltd., Soparibaug Road, Parel, Bombay No. 12, might be appointed to serve in his stead.

Second Questionnaire issued by the Adult Education Committee.

The Adult Education Committee appointed by the Government of Bombay desires expressions of opinion upon the following points :—

1. What should be the place of Adult Education in the general system of education in a country like India where literacy is very low ?
2. What are the different types of Adult Education ? What should be the duties of Government in promoting the different types ?
3. How should employers of labour in mills, factories, etc., be required to help Government in promoting literacy among their employees ?
4. What agency or agencies should conduct and supervise adult education ? How far should Government avail themselves of the services of the School Boards and their educational staffs for adult education ?

Should Adult Education be one of the compulsory duties of School Boards ?

5. What cheap books and literature for adult schools are available ? What " continuation " or " follow-up " literature is available ?
6. What suggestions would you make for the organization of village libraries for adults ? Their maintenance and financing ?
7. What is the place of the magic lantern, the cinema and the radio in adult education ?
8. What should be the nature of Women's Adult Education ? How should it be organized ?

Answers to this questionnaire, or any part of it, should be sent to The Secretary, The Adult Education Committee, Wilson College, Bombay 7, before March 1st.

Copy of letter No. 1044/32, dated the 9th March, 1938, from the Association, to the Adult Education Committee, Wilson College, Bombay.

I am directed to acknowledge receipt of two questionnaires issued by the Bombay Adult Education Committee, and have pleasure in submitting the general views of the Committee of my Association on such of those questions on which they are able to express any views. I regret that, as the questionnaire was not received till the end of February, it was not possible to frame replies by the date specified.

The first Questionnaire* deals with the details of the work being done by organizations conducting adult education of one type or another, and the Association is not in a position to answer any of the 16 questions except that we should like to point out that certain bodies like the Bombay Presidency Adult Education Association and the Bombay Social Service League Textile Technical School have in the past been supported by the Association and by individual millowners.

* Not printed.

SECOND QUESTIONNAIRE.

Question 1.—What should be the place of Adult Education in the general system of education in a country like India where literacy is very low ?

Answer.—My Committee feel that in a country like India where literacy is very low, the question of adult education should be a matter for voluntary bodies, but that the State should give financial assistance to those voluntary bodies whose course of instruction is approved and whose work is appreciated by those sections of the community for which they cater.

Question 2.—What are the different types of Adult Education ? What should be the duties of Government in promoting the different types ?

Answer.—We have no views to offer.

Question 3.—How should employers of labour in mills, factories, etc., be required to help Government in promoting literacy among their employees ?

Answer.—Employers of labour in mills, factories, etc., might help Government in promoting literacy amongst the employees by encouraging their adult workers to attend the courses of instruction available. My Committee, however, wish to make it clear that such a system should not impose any financial burden upon employers and that employers should not be called upon to grant facilities which would result in any dislocation of production. As an example of what might be done we should like to refer to the type of encouragement which has been and is being given by the cotton mills to the technical classes run by the Social Service League. These classes are held after working hours and workers are encouraged to attend them by the grant of scholarships and other means.

Question 4.—What agency or agencies should conduct and supervise adult education ? How far should Government avail themselves of the services of the School Boards and their educational staffs for adult education ? Should Adult Education be one of the compulsory duties of School Boards ?

Answer.—As already stated, my Committee believe that adult education should be supervised by voluntary bodies. Government should not, in the view of my Committee, avail themselves of the services of the School Boards and their educational staffs for adult education. Adult education should not be one of the compulsory duties of School Boards.

Question 5.—What cheap books and literature for adult schools are available ? What “ continuation ” or “ follow-up ” literature is available ?

Answer.—This is a question which could be more appropriately answered by bodies now conducting schools for adults. All that we should like to say is that, some years ago, the Association expressed its willingness to co-operate in the supply of cheap text books on technical subjects, but that the scheme had to be dropped for the reason that the Government of Bombay was at that time in a difficult position financially.

Question 6.—What suggestions would you make for the organization of village libraries for adults ? Their maintenance and financing ?

Answer.—We have no views to offer.

Question 7.—What is the place of the magic lantern, the cinema and the radio in adult education ?

Answer.—We have no views to offer.

Question 8.—What should be the nature of Women's Adult Education ? How should it be organized ?

Answer.—This question might be referred to bodies like the Bombay Presidency Women's Council which has, for many years, been conducting various types of classes for women workers in Bombay.

APPENDIX 2.

RAILWAY RATES ADVISORY COMMITTEE.

Copy of letter No. 6928-T, dated the 6th July, 1938, from the Government of India, Railway Department (Railway Board), to the Association.

I am directed to state that the expeditious disposal of cases referred to the Railway Rates Advisory Committee for enquiry is frequently prejudiced by a delay in the selection of the Commercial Member. This is consequent on some of those on the panel for selection, when written to, not being available because either they have left the country or are unable then to accept nomination. I am to ask, therefore, that when circumstances arise which would preclude gentlemen who are on the panel from accepting nomination, the Railway Board may be advised to delete his name from the list, a copy of the letter being at the same time forwarded for information to the Secretary of the Committee, No. 1, Council House Street, Calcutta.

I am further to say that the Railway Board propose to publish in the *Gazette of India*, dated the 30th July 1938, the names of gentlemen on the panel for the selection of the Commercial Member: and unless they hear from you to the contrary, the names to be published, so far as your Chamber is concerned, will be those communicated by you in reply to the Railway Board's letter No. 1679-T dated the 10th August, 1937.

Copy of letter No. 3214/31, dated the 2nd August, 1938, from the Association to the Secretary, Railway Board, Simla.

I am directed to acknowledge the receipt of your letter No. 6928-T dated the 6th ultimo regarding the re-constitution of the panel for the selection of Commercial Members to serve on the Railway Rates Advisory Committee, and to request that the undermentioned representatives of the Association may be included in the new panel:—

<i>Name.</i>	<i>Address.</i>
1. SIR H. P. MODY, K.B.E., M.L.A. ..	.. C/o Messrs. Tata Sons, Ltd., 24, Bruce Street, Fort, Bombay.
2. MR. F. STONES, O.B.E., M.L.C. ..	.. C/o Messrs. E. D. Sassoon & Co., Ltd., Dougall Road, Ballard Estate, Bombay.
3. MR. S. D. SAKLATVALA, M.L.A. ..	.. C/o Messrs. Tata Sons, Ltd., 24, Bruce Street, Fort, Bombay.
4. MR. KRISHNARAJ M. D. THACKERSEY ..	.. C/o Messrs. Thackersey Mooljee & Co., Hamam House, Hamam Street, Fort, Bombay.
5. MR. E. ELLIS	.. C/o Messrs. E. D. Sassoon & Co., Ltd., 101, Clive Street, Calcutta.

Ordinarily I do not anticipate any difficulty in securing the services of any of the abovementioned gentlemen if selected to the Advisory Committee provided adequate notice is given of the Advisory Committee's meetings.

In this connection, my Committee desire me to suggest that some of the meetings of the Advisory Committee might advantageously be held in Bombay, especially those dealing with complaints relating to rates obtaining in any portion of Western India.

APPENDIX 3.

ARBITRATION ON DEALERS' TRADE MARKS.

Copy of circular No. 4572/67, dated the 8th November, 1938, from the Association to all Members of the Association.

I am directed to invite your attention to Rule 7 of the Association's Rules for the Registration of Trade Marks which reads as under :—

Rule 7. Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

There are no other provisions in the Association's Rules regarding dealers' trade marks, and it has been repeatedly pointed out to the Committee that Rule 7, as it stands, is incomplete inasmuch as it does not provide any machinery for the settlement of disputes arising from the proposed use of dealers' trade marks by member mills. Objections to the registration of trade marks owned by member mills are dealt with under the arbitration procedure prescribed in the Rules, but this procedure is not applicable to dealers' trade marks. In the circumstances, it has been suggested that this state of affairs should be set right by the adoption of a system of arbitration which would deal with objections to the use of dealers' trade marks. The Association's solicitors were subsequently consulted in this matter, and I enclose for your information a copy of certain temporary provisions drafted by them. These provisions were approved at a meeting of the General Committee held on Monday, the 7th instant, and will take effect from Tuesday, the 8th November 1938. In connection with the new Rules, members will please note that :—

- (a) unless previously rescinded, the new provisions will be effective only up to the end of March 1940 ;
- (b) the provisions will be applicable only to dealers' trade marks circulated on and after the 8th November 1938 ;
- (c) if the Rules are allowed to lapse at the end of March 1940, they shall continue to be in force until all disputes arising from the use of dealer's trade marks circulated before the end of March 1940, have been disposed of.

Referring to the system of arbitration provided for in the Temporary Rules, it might be pointed out, at the outset, that the parties to the arbitration (for the purpose of the rules) are the member of the Association who objects to the use of the dealers' trade mark on the ground that it is a colourable imitation of his own registered trade mark and the member

on whose behalf the dealers' trade mark was circulated ; in other words, *the dealer will not be made a party to the arbitration*. Secondly, the finding of the arbitrators or umpire, as the case may be, is not finally binding on the objecting member, who, if the award goes against him would be at liberty to institute proceedings in a Court of Law *against the dealer* to restrain him from using the trade mark in question. In this connection, it is necessary to point out that the parties in the court proceedings are the objecting member and the dealer, that is to say, the member on whose behalf the dealer's trade mark was circulated, could not be cited as one of the defendants.

In all matters relating to the appointment of arbitrators, umpire, etc., the procedure at present being followed in disputes arising from members' trade marks will be followed.

"SUPPLEMENTARY" PROVISIONS FOR DEALING WITH DISPUTES IN CONNECTION WITH
DEALERS' TRADE MARKS CIRCULATED UNDER RULE 7 OF THE ASSOCIATION'S RULES
FOR THE REGISTRATION OF TRADE MARKS.

(*Approved and Adopted at a Meeting of the Committee of the Association held on Monday,
the 7th November, 1938.*)

Rule 1. These Rules shall be called "The Supplementary Provisions relating to Dealers' Trade Marks."

Rule 2. These provisions shall unless rescinded be in force up to 31st March 1940, and might be renewed or extended and confirmed before that date by a resolution duly passed at a General Meeting of all members of the Association.

Rule 3. These rules shall take effect as and from the date following this resolution.

Rule 4. These provisions shall only apply to disputes arising from dealers' trade marks circulated on or after the date of commencement of these provisions.

If these provisions are not extended, renewed or confirmed before the 31st March 1940, they shall continue to apply till all disputes relating to dealers' trade marks circulated on or before 31st March 1940, have been disposed of.

Rule 5. Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member and which such member intends to apply to any produce of the mill or mills, factory or factories owned by such member (hereinafter called "a dealer's trade mark") as the Managing Committee may from time to time prescribe in that behalf regard being had of the total number of members accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

Rule 6. Any member may object to any such dealer's trade mark on the ground that such dealer's trade mark is an imitation, colourable or otherwise, of a trade mark which has already on the application of such objecting member been entered in the permanent register for use on goods of a class or classes similar to the class or classes of goods to which such dealer's trade mark is intended to be applied and that such trade mark so already entered has habitually been applied by such objecting member to such class or classes of goods.

Rule 7. Every such objection shall be made within seven days after the Secretary shall have sent to every member a copy of such dealer's trade mark and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorised to sign on behalf of the objecting member and shall set forth the grounds of objection.

Rule 8. If any member shall object to a dealer's trade mark on the ground set out in Rule 6, then unless the two members can come to an agreement with each other the difference between them shall be determined by arbitration in the manner prescribed by the rules for the determination of questions relating to any application to register the trade mark or to an application to remove a trade mark from the Suspense Register or from the Permanent Register as to which notice of refusal to refer to arbitration has not been given. The sole arbitrator, two arbitrators, umpire or referee as the case may be, shall award either that the member may or may not apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member, and subject to the provisions of Rule 9, both members shall abide by such award.

Rule 9. Should the objecting member establish in a suit filed in the High Court of Judicature at Bombay in which the objecting member is the Plaintiff and the dealer is the Defendant that the dealer's trade mark is an imitation colourable or otherwise of a mark which has already on the application of such member been entered on the Permanent Register then notwithstanding that an award may have been made permitting a member to apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member, the other member shall forthwith cease to apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by him.

Rule 10. The objecting member shall not make the other member a party to such suit.

Rule 11. If the objecting member files a suit against the dealer before an award shall have been made then the arbitrators shall not make their award.

APPENDIX 4.

REGISTRATION OF TRADE MARKS.

Copy of letter dated the 1st February, 1938, from the Bombay Dyeing and Manufacturing Co., Ltd., Bombay, to the Association.

Among the various applications that are being circulated by you every day, we find generally a black and white specimen is enclosed for registration as a "Trade mark," and then the mill concerned applies what colours it likes later on and uses that trade mark.

On a careful perusal of the Rules of the Association, it is clear that a trade mark to be registered should be sent in the form in which it is to be actually used, and therefore we think that the practice now adopted by some of the mills is not according to the Rules. Will you please, therefore, get the Committee to give a ruling in the matter, or if necessary request the Association's Solicitors to give their opinion.

Copy of letter No. 1603/74, dated the 30th March, 1938, from the Association to the Bombay Dyeing and Manufacturing Co., Ltd., Bombay.

I am directed to acknowledge the receipt of your letter dated the 1st February 1938, in which a reference is made to the practice of submitting black and white designs for registration as a trade mark under the Association's Rules, and to say that the matter was considered by the General Committee at a meeting held on the 28th March 1938, when the following resolutions were passed :—

"That mills submitting outline sketches and blue prints for registration, against which no objections are received from members, or against which unsuccessful objections are made, be informed that such registration merely establishes registrability of the

device and that it is essential that the actual tickets or stamps finally used should be circulated in accordance with the Trade Mark Sub-Committee's decision communicated to members on 10th September 1936.

Further resolved that mills submitting blue prints or outline sketches for registration be informed that unless actual tickets or stamps have been circulated, any objections which they might submit against other tickets might not be accepted."

The attention of members who submit black and white designs or blue prints for registration will, in future, be drawn to the above resolutions.

APPENDIX 5.

PROPOSED LEGISLATION FOR THE REGISTRATION OF TRADE MARKS IN INDIA.

Copy of letter No. 401 (24)-Tr. (I.E.R.)/38, dated the 30th May 1938, from the Deputy Secretary to the Government of India, Department of Commerce, to all Provincial Governments and Chief Commissioners of Provinces and to the Association.

I am directed to refer to the correspondence ending with your letter, containing your views on the proposal to enact legislation for the registration of trade marks in India.

2. The opinions expressed on the proposal by commercial interests and the Provincial Governments have been fully examined and certain tentative conclusions have been reached which are briefly summarized in a report in three parts, copies of which are enclosed. Part I of the report sums up the case for and against legislation and indicates the lines on which the Bill has been drafted, while the Bill* itself forms Part II of the report. Part III* consists of explanatory notes on the provisions of the draft Bill which embodies the proposed scheme of registration. As is pointed out in Part I, the provisions of the draft Bill do not represent the final views of Government or the form which the legislation may ultimately take. The proposals have been set out in this form in order to facilitate consideration of the details of the scheme and a final draft of the Bill will be prepared after the views of the various interests on the present proposals have been ascertained and examined.

3. I am to request that the views of such commercial bodies as you consider necessary may be obtained and forwarded to the Government of India together with the Provincial Government's observations. The suggestions of commercial interests may, in particular, be invited with regard to the scale of fees to be prescribed with reference to clause 40 of the draft Bill.

4. I am to request that the reply to this letter may kindly be sent before the end of July 1938.

Report.

PART I.

In the Commerce Department letter No. 401 (1)-Tr. (I.E.R.), dated the 25th February 1937, opinions were called for from the Provincial Governments and commercial bodies on the proposal to introduce a system of statutory trade mark registration. The enquiry has now been completed and a scheme has been devised which embodies the largest common measure of agreement between the interests concerned.

* Not printed.

History of the Proposal.

2. In the memorandum which forms an accompaniment to the letter, some reference is made to the earlier history of this proposal. It is pointed out that the question of undertaking legislation for the registration of trade marks has been under consideration for over 60 years. Since 1877, when the Bombay Chamber of Commerce and the Millowners' Association made the suggestion that a Bill should be drafted on the lines of the English Statutes of 1875 and 1876, the question has been examined by the Central Government on no less than 12 occasions. Until 1928, commercial opinion both in England and India was found, either unanimously or on the balance, to be against the proposal, but during the last 10 years the demand for legislation has strengthened. The earlier correspondence on this subject between the Chambers and Government is briefly summarized in part I of the memorandum ; as regards the present enquiry, all the Chambers have made it clear that their final views will be formulated after they have examined the Bill. It is not proposed, therefore, to make a detailed analysis of the various opinions which have been expressed on the proposal ; some reference must, however, be made to the causes of the change of opinion in favour of registration.

3. In the pre-war period, India's foreign trade was mainly with the U. K. and was confined to a large extent to a few important staples of commerce. A relatively small number of business houses of established position monopolized the entire import and export trade of the country. The largest single item in the import trade consisted of cotton goods which were supplied almost exclusively by British manufacturers. Owing to willing co-operation among the latter to respect each other's marks and the general desire to avoid litigation, there was hardly any case of trade mark piracy in this trade. Exports, on the other hand, consisted largely of raw materials or agricultural produce of which India held a partial monopoly and trade marks were seldom applied to such goods. Commercial opinion in India was, therefore, satisfied with the remedies available under the common law and the Merchandise Marks Act, while the need for protection in foreign markets was not felt. In such circumstances, the demand for the introduction of a statutory scheme could hardly be expected to arouse much enthusiasm, either among Indian or foreign merchants in India. On every occasion that the question was raised during the period, opposition was encountered from the powerful Lancashire interests which objected to the examination in India of U. K. registered marks. On this crucial point, no compromise seemed to be possible, and as Indian commercial bodies also were either opposed to or lukewarm in their support of the proposed legislation, no progress was made before the war with the scheme.

4. The situation, however, has undergone a radical change as a result of economic developments in India since the war. Firstly, the partial monopoly which U. K. exporters enjoyed in the Indian market has been successfully challenged by other countries. The tendency for India to widen her sphere of relations in foreign trade was already in evidence before the war and as early as 1905 there had been complaints that continental infringements of English marks had begun to permeate the Indian market. It is with the emergence, however, of Japan as a serious rival to the U. K. as a supplier of cotton goods to India that cases of fraudulent imitation of marks have become more common. During the last 10 years, there have been several complaints of piracy of both Indian and British cotton marks by Japanese manufacturers and references have frequently been made to the inadequacy of the law. A prominent Lancashire millowner is reported to have said in 1932 : " No wise man will take legal action in India, because the processes have so long been uncertain and the Japanese know that and take advantage of them." Secondly, not only has the number of countries trading with India increased, but there are far more persons engaged in trade than before the war. The monopoly of the great business houses seems to be disappearing and with the increase in the number of traders the number of trade marks has also increased. The tendency has received further emphasis from the growing diversification of India's trade which is one of the striking features of her recent commercial history. Cases of unfair competition as well as unintentional infringements are becoming more frequent and this has led to a gradual change in the attitude of both British and Indian traders to this question. Thirdly,—and this by far is the most significant development of recent years,—there has been a rapid growth of industries in the country under the influence of the policy of discriminating protection and the gradual enhancement of the revenue tariff. The number of Indian marks in use is on the increase and marks are also being used on goods exported from India. Indian manufacturers

who in the past have taken a somewhat detached interest in the proposal to introduce a scheme of statutory registration are now beginning to feel the need for legislation. The following resolutions passed by representative gatherings of Indian and European commercial interests are of some importance as they reveal the change in the general outlook on this question. In December 1927, the Indian Industrial and Commercial Congress passed the following resolution in their session held at Madras :—

“ This Congress recommends to the Government of India that it is desirable in the interests of Indian trade and industries to introduce at an early date legislation for the registration of Trade Marks in India, in the absence of which Indian merchants are put to considerable hardship both in India and abroad, and India is unable to join the international Convention for the Protection of Industrial Property.”

Five years later, in January 1933, the Associated Chambers of Commerce adopted the following resolution :—

“ That in the opinion of this Association the commercial circumstances and the conditions of the present time require the enactment of legislation to provide for the registration of trade marks in India in such a manner as will give the registered user of any mark the right to an immediate injunction preventing the use of such mark or any colourable imitation thereof by others, subject only to proof of prior usage by the defendant in any dispute.”

It may be added that in the last five years since this resolution was passed, the demand for legislation has become even more insistent.

Case against Registration.

5. In part II of the memorandum which was circulated to the Chambers, a summary is given of the arguments for and against legislation. As the majority of the Chambers have declared themselves in favour of the scheme, it does not seem necessary to discuss this point in detail. Some reference must, however, be made to it as three important Chambers, viz., the Ahmedabad Millowners' Association and the Bradford and Manchester Chambers of Commerce, have questioned the advantage of statutory registration. The Ahmedabad Millowners' Association has pointed out that India's exports of manufactured goods are still somewhat limited and the need for protection in foreign markets is not urgent ; there is, on the contrary, a definite risk that legislation may give rise to conflict between owners of British and Indian marks which will involve hardship for both classes of traders without any compensating advantage. The two British Chambers, on the other hand, have referred in general terms to the complexities and difficulties with which Government will find themselves faced if they decide to extend the scheme to textile trade marks. There seems to be little force in these objections which completely ignore the possibility of a special procedure being devised for the registration of cotton marks. As is pointed out in my explanatory notes, the same difficulty was experienced in the U. K. when registration was first introduced but was successfully overcome with the establishment of a separate office for cotton mark registration at Manchester. The other arguments against legislation to which reference is made in the Commerce Department memorandum may, briefly, be summed up as follows. Firstly, even in the absence of statutory registration, trade marks in India are protected under the Common Law as well as by the Statute law, viz., the I. P. C., the Sea Customs Act and the M. M. Act. The remedy available under the Statute law is of a penal character, but as was pointed out by the Bombay Chamber of Commerce in 1928 in a letter addressed by it to the Bombay Government, proceedings in a Criminal Court are more expeditious and less expensive than a civil suit and have a greater deterrent effect. Secondly, it is a common practice for trade mark owners to register declarations of ownerships under the Registration Act or to register their marks in the private registers which have been opened by certain Chambers of Commerce. This system of voluntary registration conveys no legal right, but is sometimes of value as secondary evidence of the intention of the registrant to bring his mark into use. Thirdly as India is a large country with a vast, illiterate population, there is bound to be difficulty in giving publicity to a mark and also in dealing with identical or resembling marks which are in concurrent use in different parts of the country. Finally, there are special difficulties arising

from the alleged lack of experts in India and the anticipated cost of the scheme which may impose a burden on the commercial community.

Case for Legislation.

6. These arguments which, ten years ago, might have led to the rejection of the proposal are no longer accepted as conclusive by commercial bodies. It is generally recognized that if the disabilities of traders in India are to be removed, a system of statutory trade mark registration must be introduced. Some of these disabilities are referred to in the memorandum and are also discussed in Dr. Venkateswaran's "Trade and Merchandise Marks in India." It may be pointed out, firstly, that the protection available to trade mark owners under the existing laws in India is neither adequate nor effective. The Merchandise Marks Act gives the right to prosecute the offender, but does not provide the means of realising damages or of preventing by injunction the continuance of the fraudulent practice. On this point Lord Moulton has observed: "Penalties are utterly inefficient for the purpose of preventing bad practices. It is infinitely better to be able to call in the assistance of a Civil Court and get an injunction preventing a bad practice being continued." Moreover, in proceedings under the Merchandise Marks Act, if a doubt arises as to the complainant's title, he is asked to have his claim settled first in a Civil Court. The speedy relief which the criminal law aims at giving is thus in practice not available in India. As regards suits under the common law, attention has often been drawn to the trouble and expense to which trade mark owners are put. In the absence of registration, the plaintiff must prove his title and establish the validity of his mark in every separate case. As title depends on exclusive prior user, it is not an easy matter to adduce evidence on this point, and as the defendant is often a man of no standing it is not always possible to recover adequate damages. It has been remarked that the costs and delays of a passing off action are enough to bring a whole business to a standstill and traders are sometimes prevented from filing a suit by the risk that they run of being ruined in the process. Secondly, in several foreign countries the production of a certificate of registration in the country of origin is a condition precedent to registration. As there is no Trade Marks Registration Act in India, it is impossible to comply with this requirement and an Indian mark cannot, therefore, be granted registration in these countries. Moreover, there is the danger that a foreign rival may register the mark in his own name and thereby effectively prevent the Indian merchant from selling his goods under his own mark in such countries. As India cannot join the International Convention for the protection of industrial property unless she adopts statutory registration, she is denied certain rights in several foreign countries which nationals of the member States enjoy. One such right is that of priority of 12 months for an application for patent and 6 months for the registration of a design or trade mark. Thirdly, in the absence of a Central Registration office, a trader who wishes to bring a particular mark into use has no means of knowing whether the mark is not already appropriated, or is likely to be accepted as distinctive by the Courts. After spending much time and money in popularizing the mark, he may discover that another trader has been using it from an earlier date, or that it is not sufficiently distinctive to be granted protection under the ordinary law. Traders are thus greatly hampered in their choice of a mark for want of proper guidance from a central registration office. Fourthly, it is not correct to suppose that unregistered marks will suffer in any way by the enactment of legislation. In any scheme which is based on the English law the existing rights of a trade mark owner must remain undisturbed. It is, therefore, provided in the Bill that nothing contained therein shall affect the common law remedy of an action for passing off. The object of legislation is not to supersede any rights, but merely to provide a better procedure for the establishment of title. It has, indeed, been suggested that this is the great defect of the scheme as without compulsion few trade mark owners will resort to registration. This, however, raises a question as to the relative merits of the English and the Continental systems of registration,—a point which is dealt with at some length below. Fifthly, as was observed by the Hon'ble Mr. Stokes in introducing the Indian Trade Mark Bill of 1879, "the protection of trade marks is, like the quality of mercy, twice-blessed: it is, in other words, doubly beneficial: it benefits the public as it enables them to buy with a reasonable certainty that they are getting what they asked for, and it benefits the manufacturer because it secures to him the custom which he deserves and which is intended for him." Finally, reference may be made to some of the minor objections which have been raised to the establishment of a central registration office. The size of the country presents certain difficulties, but these are by no means peculiar to India. In the U. S. A., Canada and

other large countries, this obstacle to centralized registration has been successfully overcome. As regards the want of an expert staff, it may be pointed out that, if qualified men are not at present available, selected officials could perhaps be trained abroad. This may increase the initial cost of the scheme, but in view of the number of declarations of ownership which are registered at present every year under the Registration Act, it may be presumed that registrations under the Trade Marks Act will also be numerous. If the fees are fixed at a sufficiently high level (though not so high as to discourage registration), there is no reason to suppose that the office will not be self-supporting.

Systems of Registration.

7. Having examined the case for legislation we may now consider the schemes of registration in force in other countries. There are three main systems of trade mark registration, namely : (1) the attributive system under which trade mark rights are accorded solely by registration ; (2) the system prevailing in the U. K. and certain other countries in which registration *per se* confers no rights but such as are founded on user ; and (3) a variant of the British system known as the deposit system under which registration is effected without examination of the mark. The attributive system has been adopted by a number of countries the more important of which are Germany, the U. S. S. R., and Czecho Slovakia. These countries have been described as danger spots so far as trade mark rights are concerned as under their laws the first applicant may secure registration and thus become entitled to the exclusive use of the mark. The rights of a prior user are not recognized under the attributive system. It is imperative, therefore, for a merchant trading in these countries to register his mark as speedily as possible as otherwise it may be permanently appropriated by some other registrant. In some countries, however, the first user is given an opportunity to oppose the registration or to apply for cancellation of the mark, but the period within which redress can be obtained is limited. As against this disadvantage, it may be claimed that under the attributive system the rights of a registrant are clear and well-defined. Certain Chambers of Commerce have, therefore, recommended the introduction of this system of registration in India.

8. In the second and third group of countries, registration confers no exclusive title and the rights of a prior user are fully safeguarded. The U. K., the U. S. A. and Japan are included in the second and France and Belgium are the principal countries in the third group. In all these countries, the first user is entitled to registration, but while in the U. K. the mark is examined for distinctiveness and the registration itself is open to opposition, in France and Belgium registration is granted automatically. Further, under the British system, registration constitutes *prima facie* evidence of title for a term of years after which the title becomes absolute. The provision does not, however, seriously affect the rights of a prior user as the latter is entitled to use the mark concurrently. Under the deposit system, on the other hand, registration creates no property rights but merely provides more adequate protection than is granted to an unregistered mark. Thus, in France, while the infringement of a registered mark is a penal offence, the imitation of an unregistered mark is only a civil wrong. In comparing the three systems of registration, Dr. Venkateswaran has remarked :

“ It is seen that in so far as rights accruing from registration are concerned the attributive system confers the greatest amount of statutory protection to trade mark owners, the British system comes next, while the deposit system gives the least protection. But in the matter of rights founded on user the attributive system recognises none whatever, while such rights are preserved under the other two systems, the British system providing in this respect more effective safeguards than the deposit system.”

This appraisal of the trade mark laws of various countries is borne out by the detailed examination made above.

A Scheme for India.

9. In framing a Bill for trade mark registration a number of factors must be taken into account. India is the only country of any economic standing where trade mark legislation is not yet in force. The demand for legislation has, however, increased in intensity with the growing recognition of the merits of the proposal. A Trade Mark law must lay down clearly

the nature and extent of the protection offered to trade mark owners. The conditions and limitations subject to which they exercise their rights must also be clearly defined in the Act. A scheme on the French model which confers no property rights may not give sufficient protection to the registered owner, while an attributive system would be prejudicial to the first user. The British system, on the other hand, is a compromise between these two extremes and seems eminently suited to meet Indian requirements. For other reasons also it seems desirable that the Indian Bill should be framed on the lines of the English Statutes. In the first place, as Indian commercial legislation has generally been based on the corresponding English laws it would be convenient if the same precedent were followed in this case. Secondly, in civil suits relating to trade marks in India, the Courts at present follow the English Common Law and as the Statute law in England is based on the common law, Indian legislation could safely be modelled on the U. K. Acts. Thirdly, as has often been pointed out, if India adopts the British system, the Indian Courts will have the guidance of the decisions of the English tribunals and difficulties that might otherwise be encountered in administering the law will be removed. Finally, in view of the intimate trading relations between England and India and the likelihood that the majority of foreign marks seeking registration will be of English origin, there may be some advantage from the standpoint of the business community also in adopting the British system. The Bill* has, therefore, been based on the U. K. Trade Marks Acts of 1905 to 1937, though some of its provisions are taken from the Consolidating Bill which was presented to Parliament in 1936 but has not yet passed into law. The scheme does not, however, represent my final views, but has been put forward in its present shape, with explanatory notes attached, so as to facilitate a discussion of the concrete proposals. The final draft will be prepared after the Chambers have expressed their views on the detailed provisions of the proposed Trade Marks law.

APPENDIX I.

(Extract from Chapter III of Dr. Venkateswaran's Law of Trade and Merchandise Marks in India.)

Cotton marks under the first English Trade Marks Act.—The Trade Marks Rules under the first Act of 1875 were issued in August, 1876, in respect of registration of marks in the cotton classes. For the purpose of facilitating the granting of trade marks for these goods, an office was set up at Manchester for the exhibition of all devices, marks, letters, words, figures, etc., used in the cotton trade. Every person, who at the date of the passing of the Act used any cotton mark, was required to send to this office three representations of such cotton mark, on or before 1st January, 1877, if resident in the United Kingdom, and if resident elsewhere, on or before 1st March, 1877. They were also required to send four representations of all their "combination stamps", that is, combinations of several different trade marks which were treated by the dealers in cotton goods as equivalent to a single mark. A committee of persons conversant with the usages of the cotton trade was appointed, and was authorised to examine all the cotton marks thus received and divide them into two classes :—(A) those which were in the opinion of the committee trade marks within the meaning of the Act ; (B) those which were not in their opinion trade marks (*vide* rule 59). In the instructions issued to the Committee, the Commissioner of Patents stated that the division of these marks should be based on certain broad principles. The more important of these were that single letters should not be considered as trade marks, and that, where more than three persons applied for the registration in the same class of goods for the same mark, or for marks which so closely resembled each other as to be calculated to deceive, such mark or marks should not be considered as trade marks within the meaning of the Act (Three Marks Rule). The Committee was further instructed to consider, not merely such evidence as might be formally brought before them, but to utilize its expert knowledge with regard to the state of things in the trade, in deciding whether a particular mark should be placed in the first or the second class.

A list and B list.—Acting on these principles the Committee classified all the marks into two groups known as the A list and the B list, of which the former contained

*Not printed.

the registrable and the latter the non-registrable marks. Rule 62 provided that any person claiming to be the proprietor of a cotton mark in the A list might apply for registration, subject to the usual conditions attached to the registration of any other trade mark. Marks placed in the B list were not allowed to be registered except in pursuance of an order of the Court. The scope of the decision of this Committee in respect of a non-registrable mark came up for consideration before House of Lords in *Orr-Ewing and Co. v. Registrar of Trade Marks*. Lord Chancellor Cairns said that "the rules appear to provide a rough but useful way of separating, by means of the technical knowledge and judgment of the committee, the cotton trade marks into two classes. The first class is to consist of those marks which the committee is of opinion are trade marks within the Act, and proprietors in this class are to have the benefit, arising from this opinion, of being able at once to apply to be registered in respect of those marks. With regard to the second class, there is no decision pronounced against them, but the proprietors cannot apply for registration as a matter of course. They must come to the Court, and it must be for the Court to say whether the Registrar shall proceed on their application to register or not. In deciding this the Court will have before it the circumstance that the opinion of the Committee was adverse to the claim of a trade mark ; but this would be an opinion only, and not a decision arrived at after hearing both sides or rendered in any judicial proceeding." It is necessary to point out that in a number of applications before the Courts, owners of the B list marks were successful, and the Registrar was directed by the Court to have these marks registered. Rule 63 (a) stated that the Trade Marks Rules (1876), numbered 57 to 63, did not apply to such trade marks for cotton goods as were not in use at the date of the passing of the Act of 1875, and that the registration of new cotton marks should be applied for in the same manner and would be subject to the same conditions as that of trade marks for other goods. Such of the new marks in the cotton classes, as were refused registration, were placed in a list known as the "Refused list".

Abolition of "B list" in 1926.—The expert Committee which was created under the Trade Marks Rules of 1876 was later dissolved by Government on the recommendation of the Herschell Committee. A new practice was then adopted and the Keeper of the Cotton Marks at Manchester was authorised to consult the Trade Marks Committee of the Manchester Chamber of Commerce whenever difficulties arose in respect of registration of cotton marks. The Keeper of the Cotton Marks was further required, while considering the registrability or otherwise of a mark, to make a search for conflicting marks in the "B list" and the "Refused list" in addition to the Trade Marks Register. When the Amendment Act of 1919, came into force, providing for division of the Register into two parts, it was felt that the "B list" had outlived its usefulness. It had by that time become very cumbrous, as there was no provision in the rules for removing from this list such of those marks as had long since gone out of use. The rules were accordingly modified in 1926, to suit the existing needs. Owners whose marks were in the "B list" were allowed within a specified period to register these marks in part B of the Trade Marks Register, and it was laid down that those marks in the "B list" for which registration was not applied for within that period would cease to be quoted against other applications. The marks which were not considered as qualified for registration in part B of the Register, were transferred to the "Refused list" and the proprietors were asked to pay the ordinary fee to retain such marks in the list, in the same manner as in the case of other marks. In this way the B list was cleared of all the marks therein.

Line headings.—Another measure which was specially adopted in connection with the registration of trade marks in the cotton classes related to the line headings or patterns. These were not considered registrable under the Acts of 1875, 1883 or 1888. The question whether it would be expedient to provide for registration of line headings in cotton goods was carefully considered by the Herschell Committee. While there was general agreement among the witnesses that such registration would be desirable, opinion differed as to its practicability. The difficulties of registering line headings were forcibly brought out in the case of *Mitchell v. Henry. Cotton L. J.*, summed up the case in the following words : "What is claimed by the plaintiffs is a double thread on a white selvage ; if that is distinctive, then what the defendants are using, namely, a triple thread upon a white selvage, must be a distinctive trade mark and, therefore, I cannot restrain the defendants." After a careful investigation of the evidence which was tendered before them, Lord Herschell's Committee came to the conclusion, that it would be impracticable to provide for registration of line headings for cotton goods. This recommendation was incorporated in the Act of 1905.

Copy of letter No. 2713/168, dated the 24th June 1938, from the Association to the Deputy Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 401(24)-Tr.(I.E.R.)/38 dated the 30th May 1938 with which was enclosed a copy of a Report by Mr. R. K. Nehru on the proposal to enact legislation to facilitate the registration of trade marks in India. The views of the Association on the proposed legislation are expected to be submitted by the end of July, but it is somewhat doubtful, owing to the complexity of the problem, whether the Association will be able to submit its criticisms by that date, and my Committee feel it necessary that an extension of time should, if necessary, be granted since the Cotton Textile Industry of the country is very vitally interested in the question of trade mark registration.

It has been suggested that a number of difficulties might be removed and the submission of the Association's views might be expedited if the Government of India found it possible to depute Mr. Nehru to visit Bombay to discuss his Report with my Committee across the table, and I am desirous to request that such permission should be granted. The Chamber of Commerce, Bombay, have also indicated that they would like us to associate them with this request.

Copy of letter No. 401(24)-Tr.(I.E.R.)/38, dated the 12th July 1938, from the Deputy Secretary to the Government of India, Department of Commerce, to the Association.

With reference to your letter No. 2713/168 of 1938, dated the 24th June 1938, I am directed to say that there is no objection to your Association sending in their reply a week or two later than the date fixed, although the Government of India would be glad if every effort is made to avoid unnecessary delay.

2. As regards the request to depute Mr. Nehru to Bombay to discuss his report with your Committee, it is regretted that it is not possible to do so at this stage. After the receipt of the opinions of the interests who have been addressed on the subject the Government of India will however consider whether a conference of representatives of the Chambers of Commerce and other interested bodies could not usefully be convened in order to discuss any difficulties and doubts which may have appeared in the course of the examination of the draft legislation.

Copy of letter No. 3029/168, dated the 16th July, 1938, from the Association to the Deputy Secretary to the Government of India, Department of Commerce, Simla.

I am writing to acknowledge the receipt of your letter No. 401(24)-Tr.(I.E.R.)/38 dated the 12th July 1938, intimating that it is not possible to depute Mr. Nehru to Bombay to discuss his report at this stage, but that after the receipt of the opinions of the interests who had been addressed on the subject the Government of India will consider whether a conference of representatives of interested bodies could not usefully be convened.

Copy of letter No. 3287/168, dated the 8th August, 1938, from the Association to the Deputy Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of the Government of India letter No. 401(24)-Tr.(I.E.R.)/38, dated the 30th May 1938, addressed to all Provincial Governments and Chief Commissioners of Provinces, with which was enclosed a copy of Mr. R. K. Nehru's "Report on the Proposal to Enact Legislation to facilitate the Registration of Trade Marks in India." On 24th June 1938, I wrote indicating that it might not be possible for the Committee of the Association to submit their detailed criticisms of the Bill by the date specified in Government's letter, and at the same time suggested, on behalf of the Mill-owners' Association, Bombay, and the Bombay Chamber of Commerce, that a number of

difficulties might be removed and the submission of the Association's views might be expedited if the Government of India found it possible to depute Mr. Nehru to visit Bombay to discuss his Report with our respective Committees across the table. Replying to this letter, the Government of India were good enough to extend the time in which the Association's criticisms of the Bill might be submitted, and also stated that, while it was not possible to depute Mr. Nehru to Bombay at this stage, Government would consider whether a conference of representatives of the Chambers of Commerce and other interested bodies could not usefully be convened for the purpose set forth in our letter on receipt of the opinions of the interests who have been addressed on the subject. Owing to the complexity of the subject, the difficulties inherent in legislation of this character, and the very many administrative problems likely to arise from it, my Committee are strongly of the opinion that a conference of the nature suggested should be held before the final Bill is framed.

2. In our letter No. 2171/93 dated 8th June 1937, the Association's general views in regard to the introduction of Trade Mark Legislation in India were set out at some length and that ground need not, therefore, be gone over again. The introduction of a Trade Marks Act in India raises two distinct problems. The first, and probably the more complex problem, is how to deal with existing marks, and the second, how to deal with new marks. The Bill, as framed by Mr. Nehru, deals elaborately with the second problem, but, in our view, does not provide a sufficiently simple or expeditious procedure for dealing with the first and more important problem as far as the Cotton Mill Industry of the country is concerned.

3. In our previous representation, it was indicated that the Association would welcome the introduction of Trade Mark Legislation provided adequate arrangements were made in regard to existing cotton marks and it was urged :—

- (a) that all trade marks habitually used for more than five years and registered with the Association should be automatically transferred to the Governmental Register on payment of a nominal fee, and that no objections against them should be entertained. It was added that the Association would have no objection to the entry into the Governmental Register of any trade marks owned by non-members which it could be proved had been regularly used in India for more than five years ; and
- (b) that in regard to trade marks registered with the Association during the last five years, they should be entered in a "Provisional" Register on payment of a nominal fee, but that these trade marks should be open to objection from non-members owning exactly similar marks, which had been regularly used in India on cotton goods of the same description from an earlier date. In regard to these marks, it was further suggested that registration and transfer to the permanent register should be automatic if no objections were received and/or proceedings instituted within a period of, say, three months.

This suggestion of the Association has not been accepted by Mr. Nehru on the ground that it might have the effect of bringing on to the register marks which would not, in all cases, be distinctive and that an element of diversity would thus be introduced into the scheme owing to some marks being examined for their inherent and acquired distinction and others being registered without such examination. Mr. Nehru also thought that the difficulties of the Registering Authority would be greatly increased as evidence in regard to the length of use would have to be taken in every case. It is true that the acceptance of the Association's proposals in the case of existing cotton marks would permit the entry in the Trade Marks Register of a number of marks not possessing the element of inherent distinctiveness, but this position would only arise in the case of marks which had already been in active use by the mills concerned for more than five years without giving rise to difficulties. Honest concurrent user of same or similar marks has been recognised in the Bill as a problem to be dealt with, and Clause 9(2) specifically provides for registration under the Act of trade marks which are identical or resemble each other in respect of the same goods by more than one party although such registration might be subject to such conditions and limitations as the Registrar or the Court might deem fit to impose. The demand for the transfer to the Register of marks which have been used concurrently by mills in India habitually for more than five

years even though they may perhaps be similar to marks used habitually by other mills for a similar period is, therefore, nothing more than a reasonable extension of the principle already accepted in the Clause to which reference has just been made. It may also be pointed out that we have expressed our willingness to accord a similar right to non-member mills by agreeing to the entry in the Government Register of any of their trade marks which could be proved to have been regularly used in India for more than five years.

Another reason which might be advanced in support of the acceptance of the Association's suggestions is that it would be extremely difficult for the owner of a trade mark to succeed in a passing off action if the mark which was alleged to be an infringement had been used regularly by the other party over a period of five years. If, therefore, it is almost impossible at the present time to succeed in a passing off action when the offending trade mark has been regularly used, my Committee fail to see why the registration of such marks should not be facilitated. Government will agree that the removal of the problem of the existing marks must be achieved before the smooth working of the new legislation can be assured, and, in so far as cotton marks are concerned, it is thought that the original proposition put forward by the Association offers by far the best means of dealing with the matter. If, in spite of the arguments advanced, Government consider it undesirable to accept the Association's original suggestions for dealing with the problem of existing marks, then my Association maintains that it is essential that the powers of the Advisory Committee which has been suggested in Clause 38 of the Bill should be extended and that this Committee should be constituted in advance of the actual introduction of legislation and should immediately take in hand a preliminary investigation regarding existing cotton marks, and that the Millowners' Association's Trade Mark Registers should be accepted as 'prima facie' evidence in respect of the marks used by member mills. As indicated in our last representation to Government on this subject the members of the Association control more than 50 per cent. of the spindles and looms in British India and the Association has, for the last nearly 50 years, been registering trade marks on their behalf. The procedure followed closely resembles that suggested in Mr. Nehru's Bill except that the *actual* tickets and marks to be used are circulated prior to actual registration. During these 50 years, the Association has acquired very wide experience of the problems and difficulties incidental to the registration of cotton marks, and it is, therefore, hoped that if an Advisory Committee with the wider powers now indicated is appointed by the Government of India, the Association will be given adequate representation upon it.

4. In the preceding paragraphs, we have dealt briefly with the problems which arise in regard to existing marks, and we now propose to turn our attention to the general structure of Mr. Nehru's Bill. The Bill closely follows the English Law on the subject and provides for 'voluntary' registration, and my Committee are inclined to agree that a voluntary system of registration is preferable to a compulsory system. The main features of the Bill are that it provides for the establishment of one Trade Mark Register for the whole of British India for all classes of marks and a subsidiary register for cotton marks. The Bill proposes that the main Register should be kept at Calcutta and the Sub-Register of Cotton Marks in Bombay. The Bill further provides that the Register shall be under the control and management of one person, namely, the Controller of Patents, Designs and Trade Marks whose office, it is proposed, should be located in Calcutta, and for a sole appellate authority, namely, the High Court of Judicature at Fort Williams.

5. My Committee have given the foregoing proposals their very close and unbiassed consideration and have the following comments to make thereon :—

The Register.—My Committee agree that, as far as 'general' trade marks are concerned, there should only be one main office of registration, but consider it desirable that copies of the Register should be maintained in the Chief Provincial towns in order to facilitate inspection without undue inconvenience and expense by parties concerned. It is true that the Bill provides for the establishment of a Trade Marks Journal in which applications for the registration of trade marks, etc., will be advertised, but it may be assumed that many merchants and manufacturers will not become subscribers to this Journal and that, in any event, it will only reproduce applications for registration in black and white. The experience of the Association has been that it is not always possible to decide whether a trade mark is or is

likely to become a colourable imitation of another mark unless the mark is seen in the actual size, shape and colour in which it is or is proposed to be used. It is admitted that provision of such duplicate registers would entail additional expense, but this, it is thought, would be more than justified by the additional convenience conferred on the general public. Another argument in favour of the proposal is that duplication would ensure more adequate protection against destruction of records by fire, etc.

6. The Bill provides for the inauguration of a Sub-Register for Cotton Marks in Bombay. My Committee are very strongly of opinion that there is ample justification from whatever aspect the problem is viewed for separating textile marks from other marks. As the Author of the Bill admits, the registration of these marks presents special difficulties and problems, and they are, in addition, extremely numerous owing to India being the largest consumer of cotton goods in the world and owing to the fact that the textile industry is India's greatest and oldest established industry. In addition to the textile marks used by manufacturers in India and abroad, a very large number of dealers' marks are also used by the trade. Taking these broad facts into consideration, it is felt that the volume of work incidental to the registration of the enormous number of textile marks in daily use justifies the introduction of a separate Register for Textile marks, with a separate Controlling Authority. In other words, what is desired is a separation of textile marks from other marks with an independent Register and an independent Registering Authority.

7. *Location of Registers.*—Mr. Nehru states in his Notes on the Bill : "In the United Kingdom as well as in several other countries, the trade marks law is administered at the Patent Office," and he suggests that the same arrangements should be followed in India as the Patent Office in Calcutta has a staff of experts whose services can be utilised in administering the scheme. He then goes on to say that he has not discussed the matter with the Controller of Patents, whose views should be ascertained before any final decisions are taken before the organisation of the Central Registry. In another portion of his notes, Mr. Nehru suggests that as Calcutta is the most important centre of piecegoods import trade, applications for the registration of cotton marks should be receivable at the Patents Office as well as at the office of the Deputy Registrar of cotton marks in Bombay. My Committee do not agree that adequate justification exists for locating the Register at Calcutta or for placing it under the Controller of Patents and Designs. Calcutta would possibly have been the most appropriate centre for the location of the Register for general marks if it were a fact that the total trade of that City greatly exceeded that of any other place in India. This, however, is certainly not the case, and if reference is made to the Sea-Borne Trade figures of 1937-38, it will be found that imports into Calcutta amounted to 51.6 crores, while the figures of Bombay amounted to 71.37 crores. As regards the internal trade, my Committee feel that, taking into consideration the classes of products on which trade marks are most commonly used, Bombay must be held to be a more suitable centre for the location of the Register than Calcutta, and in the case of piecegoods, the claims of Bombay are overwhelmingly strong not only because the bulk of the indigenous textile industry is located in the Province of Bombay, but also by reason of the fact that the piecegoods import trade of Bombay and Karachi taken together very greatly exceeds that of the Eastern Port. In 1937-38, out of a total production of piecegoods in British India of 3,446 million yards, the Province of Bombay manufactured 2,723 million yards as against 166 million yards manufactured in the Province of Bengal, and in the same year, the Ports of Bombay and Karachi were responsible for imports of piecegoods amounting to 205 million yards and 194 million yards as compared with 157 million yards imported through the Port of Calcutta. If the convenience of the general public and importers is studied, it can legitimately be said that Calcutta certainly offers no advantages over Bombay as a centre for the receipt of trade mark applications except that it happens to be the home of the Patents and Designs Office at the present moment.

8. My Committee do not think that there is very much weight in Mr. Nehru's argument that the staff of the Patents and Designs Office have expert knowledge in regard to trade mark registration since, up to the present, they have had no experience of that particular class of work. They certainly do not think that the Patents Office would be able to cope effectively and expeditiously with the very great number of applications for registration that will undoubtedly be received on the introduction of the Act. It is expected that from Bombay alone, several thousands of applications will be received for cotton marks, exclusive

of applications for the registration of letter-number combinations of which more than a hundred thousand are in use by members of the Association and have been registered with the Association. My Committee, in these circumstances, hold it to be desirable that the Register of Trade Marks should be separated from the Register of Patents and Designs and that a separate office should be established and that this office should be located in Bombay in preference to Calcutta.

9. *Controlling Authority.*—The Bill suggests that the Register should be in charge of the Controller of Patents and Designs. For the reasons advanced in the preceding paragraphs, my Committee are opposed to this suggestion, and are emphatically of the opinion that the volume of work during the first few years of the new legislation will be great enough to justify the appointment of a special officer whose whole time would be devoted to the administration of the Act. It is true that the Controller of Patents and Designs has certain special qualifications which would be of assistance if the administration of the new measure were placed in his charge, but my Committee feel that it would be preferable to place the responsibility for the administration of the new Act in the hands of a person with special legal qualifications and with special knowledge of trade mark disputes, or a person who has made a deep study of trade mark legislation generally.

10. *Appellate Authority.*—The Bill provides for a sole Appellate Authority, namely, the High Court of Judicature at Fort Williams. My Committee after the very fullest consideration are inclined to agree that there should be one final appellate authority for general marks and a final appellate authority for cotton marks and that these should be the High Courts of the Province or Provinces in which the Registers for general marks and cotton marks, respectively, are located. If the Government of India agree with the case put forward in this letter for the location of the main and textile marks registry in Bombay in preference to Calcutta, the final appellate authority would thus become the Bombay High Court. At the same time, my Committee recognise the force of the argument advanced by various public bodies for the granting of appellate jurisdiction to all High Courts, and it is only after mature deliberation that they arrived at this conclusion.

11. We have indicated that, in the first few years of the life of the Bill, a very great number of applications for registration are likely to be received and this will necessarily mean a very large volume of references to the appellate authority or authorities. In order to prevent congestion and delay and to prevent unnecessary expense, my Committee have reached the conclusion that it would be advisable to institute an "Interim Appellate Authority" between the Registrar and the High Court, the final Court of Appeal. In the United Kingdom, an appeal from the Registrar lies to the Board of Trade, but Mr. Nehru has put forward substantial reasons why a similar procedure should not be followed in India. Experience has shown that it takes anything from one to four years to settle a trade mark dispute in the High Court, and unless an Interim Court of Appeal is established, it will be many years before the problem of registration of existing marks can be disposed of, owing to the numerous appeals which are likely to be made against the decisions of the Registrar. Most of the cases likely to arise will turn on the question whether a mark is a colourable imitation of another, and the difficulties will be increased when the question of phonetic deception arises. For the adjudication of such questions, purely legal training is not enough, and a judge would, in any case, have to rely on experts with special knowledge of the particular trade concerned and the commercial practice obtaining in that trade. It seems, therefore, desirable that an Interim Court of Appeal composed of experts presided over by a competent Law Officer should be appointed whose sole task should be to hear appeals from the Registrar. Such a Court need not be a permanent institution, and once the question of existing marks has been disposed of, it might be abolished. A further advantage of the appointment of such a court would be that it could move about the country for the purpose of hearing appeals in the centres most convenient for the parties concerned. The need for an Interim Court of Appeal of the character suggested above is all the greater when one takes into consideration the fact that the Bill provides that, in proceedings before the Registrar, evidence shall be given by statutory declaration in the absence of directions to the contrary. Statutory declarations may be of some utility where the point to be decided is merely whether a trade mark has or has not been in use from a certain date, but statutory declarations would be a most unsatisfactory means of deciding the question of whether one mark was a colourable imitation of

another. Taking into consideration the enormous number of trade marks already in use, it can be expected that a large number of applications for registration would be made for trade marks in which the degree of resemblance to other marks is so close that it would be quite easy to get evidence on either side as to resemblance or non-resemblance, in which event, the value of the statutory declarations would be negligible, and the decision would rest with the Appellate Authority which, in these circumstances, should advisably contain an expert or experts with special knowledge of trade and commercial practices. A necessary corollary to the appointment of a court of the character suggested above would be the maintenance of duplicates of the Trade Marks Registers at the Chief Provincial Towns as proposed in paragraph 5. A court of the nature described, if satisfactorily constituted would, it is thought, greatly reduce the number of references to the High Court, and my Committee trust that the Government of India will favourably consider the proposal.

Clause 58 of the Bill has been devised with the object of enabling India to enter into reciprocal agreements with the United Kingdom, the Dominions, Indian States and foreign countries for the mutual protection of registered or un-registered trade marks, but as now worded, the Clause would appear to give British registered marks an unfair priority over Indian marks, and seems to pre-suppose the existence of a fairly complete Register of marks at present in use in this country. My Committee are opposed to reciprocal arrangements of the character suggested in the Clause being entered into until the problem of our existing marks has been settled. This is likely to take a number of years, but at the end of that time, a section might be introduced in the Indian Act for the purpose of facilitating reciprocal arrangements with other countries. In the meantime, my Committee consider it desirable that Clause 58 should be deleted from the Bill.

12. Summarising my Committee's views on the structure of the Bill :

(a) That there should be two registers :—

(i) A Register for general marks.

(ii) A separate Register for "Textile" marks.

- (b) That taking all factors into consideration, Bombay is to be preferred to Calcutta as the location for the Register for general marks, and that there is an overwhelming case for the location of the main Register for Textile marks in Bombay;
- (c) That the control of the General Register and the Textile Marks Register should be vested in expert officers independent of the Controller of Patents and Designs, Calcutta ;
- (d) That it would be advisable to establish an Interim Court of Appeal between the Registrar and the High Court ; and
- (e) That one final appellate authority is preferable for general marks and that this authority should be the High Court of the Province in which the Register is located, and that in the case of textile marks, the appellate authority, in any event, should be the High Court of Judicature, Bombay.

13. *Classification of Trade Marks.*—Clause 4 of the Bill says that a trade mark must be registered in respect of particular goods or classes of goods.

In his comments on this Clause, Mr. Nehru indicates that "the Goschen Committee has recommended the adoption of the International scheme in the United Kingdom and that it seems likely that most other countries will follow the same classification." He goes on to point out the superiority of the International scheme over the English system. He then says that, in India, conditions are slightly different, and that it seems necessary that cotton yarns and threads and cotton tissues, bed and table covers and unspecified manufactures should continue for the present to be separately classified, the Central Government being empowered to change the classification at any time and authorise the Registrar to amend the Register accordingly.

Commenting on Clause 38(2) of the Bill, Mr. Nehru says that the classes must consist of or relate materially to cotton yarn, cotton piecegoods and other cotton manufactures excluding clothing. He adds that this restriction is based on the provisions of the British Act of 1905, but that in the Amendment Act the scheme had been extended to cover all textile marks in view of the close inter-relation which had come about in recent years between the various branches of the British textile industry. Mr. Nehru then states that "as in India the cotton industry is still organised on independent lines, the provisions of this Section will not apply to all textile marks, but will be confined to marks used in relation to cotton goods." My Committee do not consider that an adequate case has been made out by Mr. Nehru for setting aside the International classification in so far as textile manufactures are concerned. The International classification has obvious advantages, and there seems to be no reason why India should not adopt it at the very commencement, since, if reciprocal agreements are made with foreign countries, the classification to be enforced would probably be that of the International Union for the Protection of Industrial Property. The classifications suggested by Mr. Nehru would create very considerable difficulties so far as textile marks are concerned, and the trade could not contemplate with equanimity a scheme which differentiated between cotton goods and goods made from artificial silk, staple fibre, linen, artificial wool or combinations of cotton and any of these materials. Even in the case of jute, there are a growing number of fabrics now being manufactured which closely resemble cotton goods in appearance, and it is for this reason that my Committee suggest that the International classification should be adopted from the outset as far as textiles are concerned. Mr. Nehru has stated that the Indian Cotton Industry is still organised on independent lines, but this is hardly correct and certainly no more correct than it would be if the statement was applied to the cotton industry in the United Kingdom. A very large variety of goods wholly or mainly composed of artificial silk are already produced in Indian mills and the use of staple fibre, wool, silk and other fibres in combination with cotton is also fairly common. My Committee do not consider that any hardship would be imposed on the Jute, Silk or Woollen Industry of India by adopting the International classification and converting the cotton marks registry into a registry of textile marks, and it would undoubtedly be an advantage to adopt the International classification from the start rather than wait for complications to develop by adopting special classifications for each textile raw material and for combinations of different textile raw materials.

The above remarks are intended to apply to the classifications it would be advisable to adopt in the case of trade marks eligible under Clause 5 of the Bill, but it should be pointed out that it would be necessary to adopt a much more detailed classification if, as contemplated in Clause 38(5) (d) of the Bill, the registration of letters, numerals or combinations thereof are to be permitted.

14. *Powers of Registrar to Restrict use of Trade Marks*.—In several places in the Bill, and particularly in Clauses 9 and 27, the Registrar is given the power to impose certain limitations in regard to the use of a registered mark. While my Committee do not object to the Registrar being given the power to impose limitations in regard to the types of goods on which a mark may be used, they are very strongly opposed to the Registrar being empowered to restrict the use of a trade mark to any particular portion of British India, and hold that registration of a mark should permit the use of that mark in any part of the country. A trade mark may not have been used in a particular part of the country at a particular time, but it would create enormous difficulties if the Registrar was to be placed in a position which would permit him to register a trade mark similar to one already in use in an adjacent territory.

It is, of course, quite conceivable that the owners of two marks may themselves agree to restrict the use of those marks to particular areas, but any such restriction should be a matter for arrangement between the parties directly concerned, and certainly should not be left to the discretion of the Registrar.

15. *Registration Fees*.—In the Association's previous representation, it was suggested that the charges for registration should be fixed as low as possible, and that they should not, in any event, exceed what was necessary to make the scheme self-supporting. The fees which my Committee would like to suggest are:—

With application Rs. 25.

For certificates of Registration Rs. 15.

For renewals of registration, alterations, assignments, transmissions, of registered user, etc., Rs. 15.

In case regulations are introduced for the registration of letters or numerals, as indicated in Clause 38(5) (d) of the Bill, special arrangements will have to be made in regard to the fees payable for application, registration certificates, renewals, etc. owing to the very large number of registrations which might be expected. The Millowners' Association, Bombay, now charges Annas four for the registration of trade numbers and Rs. 2 for the registration of trade names, and it is suggested that these figures should not be greatly exceeded.

16. Turning to the detailed provisions of the Bill, my Committee have the following observations to make :—

Clause 2 (b).—Will need amendment if the Association's suggestion for the location of the Registry in Bombay is accepted.

Clause 2 (f).—Will require amendment if the Association's suggestion for a separate Register for textile marks is adopted.

Clause 2 (k).—My Committee have no comments to offer on this definition, but they would like to draw Government's attention to the fact that the definition of a trade mark given in the Bill varies from that given in the Merchandise Marks Act and that Act would, therefore, require amendment. The attention of Government is also drawn to the advisability of amending the Indian Registration Act so as to prohibit the registration of declarations of ownership of trade marks under that Act. Hitherto, the Indian Registration Act has, on numerous occasions, been used in attempts to prove ownership of a trade mark, and has often been understood to confer on registrants rights which could only be conferred by registration under a Trade Marks Act.

An additional definition would be called for in Clause 2 if the Association's suggestions for the institution of an Interim Court of Appeal are accepted.

Clause 3.—This Clause would require amendment if the Association's suggestions in regard to the location of the Register, Controlling Authorities, etc., are accepted.

Clause 4 (1).—The word "must" in the first line seems to suggest that the registration is compulsory and might be changed to "shall."

Clause 5 (1) (f).—The word "but" might be changed to "except" in the first line to make the meaning clear. In the proviso to this Clause, a slight amendment is necessary to provide for the registration of combinations of letters and numerals since such combinations are very common in the textile trade. The Clause as it stands only provides for the registration of combinations of letters *or* numerals.

Clause 8 (2) (1).—This Clause appears unnecessarily restrictive and many of the terms contained in the Clause are in very common use. My Committee would prefer a Clause similar to that used in the English Act in which the Registrar would be entitled to refuse a mark likely to suggest the patronage of His Majesty or any member of the Royal Family.

Clause 8 (2) (2).—This Clause should, it is thought, precede Clause 8 (2) (1).

Clause 9 (2).—Government's attention is drawn to the Association's objection to power being given to the Registrar to impose territorial limitations on the use of a trade mark. (*vide* para. 14).

Clause 9 (3).—My Committee consider that this Clause needs amendment. They hold that it should be incumbent on the Registrar to come to a decision in each case, but this, it is thought, if not acceptable to the parties concerned, should be appealable to the Interim

Court or to the High Court. This is particularly necessary in the case of trade marks which are already in use and which may have been used for a number of years by each owner.

Clause 11 (2).—My Committee would like further information regarding the type of limitations which a Registrar will be authorised to impose. As explained in their general comments on the Bill (*vide* para. 14), my Committee are opposed to territorial limitations within British India.

Clause 12 (1) (vide para. 14).—This sub-clause also specifies that when an application for registration has been accepted, it shall be advertised in the Trade Mark Journal. When discussing the Clause, the question of the use of the mark during the period of advertisement and pending registration was discussed in great detail. It was recognised that, as the Act only provides for voluntary registration, it would not be possible to specify that the mark should not be used until it has been registered. While this difficulty of use pending registration cannot be overcome in a voluntary Act, the Committee felt that it would be desirable to introduce provisions which would ensure the publication not only of accepted marks, but also of marks of which application for registration had been refused by the Registrar. This would enable the owners of old established marks to take the necessary steps to prevent the use of refused marks. It is also considered that the applicant should be given an opportunity of criticising any conditions or limitations imposed by the Registrar.

Clause 12 (2).—My Committee suggest that a period of three months should be provided for in this sub-clause.

Clause 12 (4).—We have no comments to make except that the time limit to be prescribed should be reasonably short.

Clause 12 (10).—It should be made clear that a trade mark modified by the Court or by the Registrar should be treated as a new trade mark and be open to objection in the ordinary way after it had been advertised.

Clause 13 (2).—The words “ Trade Marks Office ” should be substituted for the words “ Patent Office.”

Clause 14 (1).—My Committee consider that it would be an advantage to reduce the period of ten years mentioned in this sub-clause to seven years in order that the full protection which accrues on the completion of the first period of registration can be obtained earlier. A period of seven years would, it is thought, be adequate in which to establish a mark.

In the case of trade marks already in use, the Government of India might consider the granting of the full privileges which will accrue to a registered trade mark after a shorter interval of time.

Clause 15 (2).—Provision appears to be necessary to cover differences in size and/or shape as well as colour in sub-clause (*d*).

Clause 17 (1).—The words “ or comprising any of its essential features ” in the 12th and 13th lines of the Clause should be deleted. These words appear to be unnecessary and would be likely to create difficulties since an exclusive trade mark may contain a number of common objects. The attention of Government may also be drawn to the fact that these words do not appear to have been included in the latest British Act as stated in Mr. Nehru's report.

Clause 17 (2).—*Vide* comments in paragraph 14.

Clause 19.—*Vide* note on Clause 14 (1). My Committee would prefer the words “ 10 years ” to be altered to “ 7 years.”

Clauses 22 to 25 inclusive.—These Clauses closely follow the corresponding Clauses recently introduced in the English Trade Marks Act, and in view of the fact that little experience has so far been gained as to the value of the new provisions regarding assignments in England, my Committee are not in a position to offer any useful comments on these Clauses.

Clause 27 (2).—My Committee suggest that this Clause should be deleted from the Bill. As previously stated, my Committee are opposed to the Registrar being given powers to impose territorial limitations on the use of the trade mark within India itself and maintain that, for registration purposes, India must be regarded as one territorial unit. It certainly should not be necessary for the owners of that mark to prove use over 5 years in any particular territorial sub-division in order to obtain the full protection which the new legislation is capable of affording.

Clause 29 (10).—My Committee suggest that the word “may” be altered to read “shall.”

Clause 37 (7).—For the words “Patent Office” substitute the words “Trade Mark Office.”

Clause 38.—The Sectional Head which precedes this Clause should be amended to read “Textile Trade Marks” if the suggestions regarding classifications made by my Committee are accepted. (*Vide* paragraph 13.)

Clause 38.—As pointed out in their general comments on the Bill, my Committee maintain that there is an overwhelming case for the creation of a separate and independent Register for textile marks in Bombay, and if Government agree with this suggestion, the Clause would require considerable amendment. Wherever the term “cotton marks” is used, the term “textile marks” should be inserted and where the term “Deputy Registrar” is used, the term “Registrar of Textile Marks” should be used.

Clause 38 (8).—As regards this sub-clause, which provides for the appointment of a Committee to assist the Registrar, my Committee consider that the wording is inappropriate and would suggest that a wording closer to that used in the English Act should be adopted. Section 64 (14) of the English Trade Marks Act, 1905, reads as under :—

“The existing practice whereby the Keeper of the Manchester Branch consults the Trade and Merchandise Marks Committee appointed by the Manchester Chamber of Commerce upon questions of novelty or difficulty arising on applications to register cotton marks shall be continued by the Keeper of Cotton Marks.”

It will be noticed that the English Act makes it incumbent on the Keeper of Cotton Marks to consult the Trade and Merchandise Marks Committee appointed by the Manchester Chamber of Commerce on questions of novelty or difficulties arising from applications for registration of cotton marks, and my Committee feel that it will be equally necessary in India, and particularly during the first few years after the enactment of legislation, for the Registrar of Textile Marks to consult his Expert Advisory Committee whenever difficulties arise in regard to the registration of textile marks. The services of the Advisory Committee provided for in the Bill will be specially necessary for the purpose of elucidating the problems pertaining to the registration of marks already in habitual use.

The functions and constitution of the Committee are not by any means clearly defined in the Bill, and my Committee would like to suggest that specific provision should be made for consultation whenever necessary. As indicated by Mr. Nehru in his note “under the existing law in England, the Committee must be consulted before any rule is framed or form prescribed which is to deal with cotton marks, and may be consulted by the keeper with respect to any circumstances peculiar to the cotton trade arising on an application to register a cotton mark,” and my Committee trust that even if consultation is not obligatory in the case of the Indian Advisory Committee, instructions will be issued to the Registrar of Cotton Marks to consult the Committee freely.

As regards the constitution, place of meeting and procedure of the Committee, it is noted that these will be determined by rules framed under the Act and that these details are to be settled in consultation with commercial interests before the final shape of the Bill is determined.

Clause 40.—(Vide paragraph 15.)

*Clause 49.—*Makes provision for the production of evidence by statutory declaration. My Committee are doubtful whether evidence taken on statutory declaration is of any great utility in trade mark disputes. Statutory declarations may be sufficient where the point to be decided is whether a trade mark has been used from a certain date, but my Committee doubt the value of statutory declarations for any other purpose, and think that it should be made perfectly clear that the parties should, if they so desire, be entitled to tender oral testimony, or evidence on commission, either before the Registrar or before a Court of Appeal.

*Clause 58.—*My Committee would prefer this Clause to be deleted for the present. They feel that the Clause as drafted pre-supposes the existence of a trade marks register in India but none actually exists. After the lapse of, say, 10 years, when the position in regard to existing trade marks has been straightened out, some such Clause might be inserted in the Statute.

In conclusion, I am to say that my Committee greatly appreciate the opportunity which has been afforded to them of submitting their criticisms to the Government of India and the additional time which has been allowed for the submission of their views. The suggestions made by my Committee involve drastic amendments in certain substantive clauses of the Bill—Clause 38 affords an instance in point—and there are also various other matters which require very close consideration before legislation in its final form can be presented to the Assembly. These matters, it is thought, could perhaps be settled at the conference with commercial and industrial interests, and my Committee trust that Government will take early steps to convene such a conference after they have had an opportunity of studying the views expressed by the various interests consulted.

APPENDIX 6.

PROPOSED REVISION OF THE INDIAN MERCHANDISE MARKS ACT, 1889.

Copy of letter No. 1644/34-B, dated the 21st July, 1938, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

I am directed to forward herewith a copy of Government Resolution No. 1644/34, of to-day's date, regarding the revision of the Indian Merchandise Marks Act, 1889, and to request that you will be so good as to communicate to Government before the 31st August 1938, any observations which your Association may desire to make in respect thereof. The observations may kindly be sent in *duplicate*.

Copy of Resolution No. 1644/34, dated Bombay, 21st July, 1938.

Letter from the Government of India, Department of Commerce, No. 352(1)TR. (I.E.R.)/38, dated the 11th July 1938 :—

“I am directed to refer to the correspondence ending with your letter No. 1644/34-6810-B, dated the 8th July 1937, containing your views on the proposals regarding the revision of the Indian Merchandise Marks Act, 1889.

2. The opinions expressed on these proposals by commercial interests and the Provincial Governments have been fully examined and certain tentative conclusions have been reached which are embodied in a Report and a draft Bill prepared on the subject. Copies of the Bill and the Report are enclosed. I am to add that the provisions of the draft Bill do not represent the final views of Government or the form which the legislation may ultimately take. The proposals have been set out in this form in order to facilitate their further consideration and a final draft of the Bill will be prepared after the views of the various interests on the draft Bill and the Report have been ascertained and considered by the Government of India.

3. I am to request that the views of such commercial bodies as the Government of Bombay consider necessary may be obtained and furnished to the Government of India, together with the Provincial Government's observations.

4. The 'Indian Trades Marks Act' referred to in clause 2 of the present draft Bill is still in the shape of a provisional draft Bill copies of which have already been forwarded with this Department circular letter No. 401(24)-Tr.(I.E.R.), dated the 30th May 1938.

5. I am to request that the reply to this letter may kindly be sent before the 15th September 1938."

Resolution.—Copies of the letter from the Government of India and its accompaniment should be forwarded to the Commissioners of Divisions, the Director of Industries, the Remembrancer of Legal Affairs, the Solicitor to Government, the Chamber of Commerce, Bombay, the Indian Merchants' Chamber, Bombay, the Millowners' Association, Bombay, the Native Piecegoods Merchants' Association, Bombay, the Bombay Presidency Trades Association, Bombay, the Ahmedabad Millowners' Association, Ahmedabad, the Marwadi Chamber of Commerce, Limited, Bombay, the Deccan Merchants' Association, Bombay, and the Maharashtra Chamber of Commerce, Bombay, and they should be requested to forward to Government before the 31st August 1938 their views (*in duplicate*) on the proposals for the revision of the Indian Merchandise Marks Act 1889.

PART I.—REPORT.

Section I.

INTRODUCTORY.

Enactment of legislation in 1889.

1. The Merchandise Marks Act of 1889, like other commercial legislation in this country, is based on the provisions of the corresponding English Statute. When the Bill was introduced in the Governor-General's Council, it was pointed out that the reasons which had led to the enactment of legislation in England applied with equal force to India. There had been a noticeable increase in imports of Continental goods bearing false British marks and other trade indications. Such goods were precluded from shipment in British vessels and were, therefore, being shipped from foreign ports in foreign bottoms. Moreover, the practice of marking false lengths on cotton goods sold by the piece in the Indian market was being openly resorted to by traders of all countries. As the law then in force did not provide sufficient protection for trade marks or penalise the use of false trade indications, the enactment of fresh legislation had become necessary. The Act not merely extended the scope of the expression "trade mark," but created the new offence of applying a false trade description. The provisions of the law were intended, firstly, to protect the consumer against misrepresentation in respect of the goods purchased by him; secondly, to safeguard the interests of the trading community by preventing goods manufactured by a particular person in a particular country from being passed off as manufactures of another person or another country; and, thirdly, to give special protection to British and Indian traders by requiring foreign goods bearing their names or trade marks to be marked with a specific counter-indi-

cation of origin. Certain amendments were also made in the Sea Customs Act with the object of preventing the import of goods which offend against the principles of the Merchandise Marks Act.

Need for revision of the Act.

2. There has been no substantial modification of the law since the Act was passed almost 50 years ago. The period, however, has been one of rapid change in the general structure of Indian trade and industry. In the sphere of trade, firstly, with the speeding-up of world production, there has been a marked intensification in the struggle for the Indian market. Towards the end of the last century, imports into India were drawn almost exclusively from the United Kingdom and other British possessions : during the present century, however, especially since the war, there has been a growing diversification in the sources of supply. Imports from Germany were on the increase before the war, but in the last two decades Japan's share of the trade has expanded remarkably both in quantity and value. Imports have increased from continental countries also while the proportionate share of the United Kingdom has declined. With intensified competition between the principal exporting countries the temptation to resort to unfair methods has grown stronger and the risks to which a trader is exposed have become more acute. Secondly, not only has the number of countries with which India trades increased, but a change has also taken place in the character of the trade. While before the war, imports consisted of a few important items, the trade now comprises a much wider range of articles. With the increase in the number and variety of imported goods, a phenomenal rise has taken place in the number of trade marks in use and the forms of trade description have also become more complex. As a result of this change in the character of the trade, there is greater scope now for practising fraud on the public by counterfeiting a trade mark or using a false trade description. In the industrial sphere also, recent developments have emphasized the necessity of tightening the preventive provisions of the Act. In its more general aspect, the proposal to amend the law must be regarded, in the words of a former Commerce Member, as "a not unnatural incident of our incipient protective policy". In other countries also, as is pointed out in the memorandum on "Marks of origin" issued by the Economic Section of the League of Nations, the Merchandise Marks law is recognized as an instrument for the protection of national industry against foreign competition. Moreover, with the rapid industrialization of the country, the Indian manufacturer's need for protection has increased. It is no longer possible to treat his interests as identical with those of manufacturers or traders in any other country. As is stated elsewhere in this report, while there may be some ground for holding that at an earlier stage there was no conflict between British and Indian interests, of late there has been a great deal of criticism of the preferential treatment accorded to British traders and manufacturers under the Act. There have been repeated complaints that goods manufactured in the United Kingdom bearing the names or trade marks of Indian dealers without any counter-indication of origin have been passed off in the market as goods of Indian manufacture.

Proposals for revision summarized.

3. The history of the demand for a revision of the Merchandise Marks Act is summed up in the memorandum which accompanied the Commerce Department's circular letter No. 404(1)-Tr. (I.E.R.), dated the 19th February 1937. It will be observed that the controversy has centred mainly on the question as to the necessity of amending the law relating to marks of origin. The issue was raised for the first time in 1901 and has been keenly debated in commercial circles for over 30 years. The various opinions expressed on the proposal from time to time are examined more fully in the paragraphs below : at this stage, it should suffice to point out that commercial opinion has tended on the whole to favour compulsory marking. There has been disagreement, however, as to the circumstances in which such marks should be applied and as to the advisability of exempting British goods from the requirements. The application of the law to composite goods, to goods imported from Indian States and to goods in transit through India has also aroused controversy. Other points to which attention has been directed in this report are, (a) the suitability of the existing definition of the expressions "trade mark" and "trade description"; (b) certain proposals for modifying the provisions relating to piecegoods; and (c) the proposal that the import or possession of loose transfers and the import or sale of goods marked with pictorial representations

of Hindu gods and goddesses should be totally prohibited. These questions are examined below in the order in which the relevant provisions appear in the Merchandise Marks Act.

Section II.

TRADE MARKS

Definition of "trade mark" in the Act.

4. The expression "trade mark" is defined in Section 2 (1) of the Act, read with Section 478 of the Indian Penal Code. The definition is based on Section 3 (1) of the United Kingdom Act of 1887 the provisions of which are as follows :—

"The expression 'trade mark' means a trade mark registered in the register of trade marks kept under the Patents, Designs and Trade Marks Act, 1883, and includes any trade mark which, either with or without registration, is protected by law in any British possession or Foreign State to which the provisions of Section 103 of the Patents, Designs and Trade Marks Act are, under Order in Council, for the time being applicable."

Prior to the enactment of the Indian Merchandise Marks law, a trade mark was defined in the Code as "a mark used for denoting that goods have been made or manufactured by a particular person or at a particular time or place, or that they are of particular quality". It was recognized that the provisions of this Section were "very wide," but as difficulty was experienced by traders of foreign countries in obtaining protection for their marks under the Indian law, the definition was considered to be "practically insufficient." It was, therefore, decided to extend its scope by incorporating the provisions of the United Kingdom Act in Section 478 of the Code. Certain other modifications were made in this Section which in its amended form covers the following classes of marks :—

- (i) marks registered in the English Trade Marks register ;
- (ii) marks registered in the Trade Mark registers of any British possession to which the provisions of Section 103 of the Act of 1883 are applicable ;
- (iii) marks which though unregistered are protected by law in any such possession ;
- (iv) marks registered in the Trade Mark registers of any foreign country to which the provisions of Section 103 of the Act of 1883 are applicable ;
- (v) marks which though unregistered are protected by law in any such country ;
and
- (vi) marks, whether of Indian or foreign origin, used for denoting that goods are the manufacture or merchandise of a particular person.

Need for revision of the definition.

5. The amendment of the law has given rise to certain anomalies which it seems desirable to eliminate in view of recent economic changes. The full implications of the revision of Section 478 of the Code were, perhaps, not realised when the Merchandise Marks Act was passed. With the rapid development of Indian industry, however, a fuller examination of this question has become necessary. The actual effect of the amendment has been different from what was presumably intended when the Code was revised. It will be observed, in the first place, that the amended definition has placed foreign marks in a more favourable position than British marks while the latter enjoy more advantages than Indian marks. While in the case of foreign or colonial marks originating in certain specified countries protection is available whether the mark is registered or not, in the case of British marks protection is largely confined to marks which have been registered under the United Kingdom Trade Marks Act. An unregistered British mark has the same status as an Indian mark and is not

entitled to protection under the Merchandise Marks law unless the Court is satisfied that it corresponds to the definition of a trade mark. The speedy remedy available to the owner of a British registered mark is thus, in practice, not available to an unregistered owner. In the case of the foreign or colonial mark, however, the remedy would be the same whether the mark is registered or unregistered. Protection in either case would be granted on a certificate being produced that the mark is protected by law in the country concerned. Secondly, as India has not acceded to the International conventions for the protection of Industrial property and the prevention of false markings on goods, Indian marks do not enjoy adequate protection in the convention countries. There have been complaints that marks owned by Indian exporters are sometimes registered by their foreign rivals in their own names in order to shut out Indian goods from the market. With the enactment of trade mark legislation the way will be clear for securing protection for such marks in foreign countries. It is necessary to point out, however, that the existing provisions under which privileges have been accorded to both foreign and British marks without any stipulation as to reciprocity seem to be indefensible. Thirdly, the absence of any provision with regard to trade mark use is another serious defect in the existing definition. As is well-known, Indian Courts recognize only prior use in India as conferring an exclusive title to a trade mark in this country. A person may have owned and used a trade mark in another country from a date anterior to that on which use in India commenced. For the purposes of the Civil law, however, the deciding factor, in cases where ownership is in dispute, is priority of use in India. The omission of any reference to "use" in the Merchandise Marks Act leaves room for doubt as to whether in criminal proceedings it would be correct to follow the same common law principle. There is nothing in the Act to prevent a non-Indian trader who has never actually used his mark in this country from instituting proceedings against the Indian user of the mark. Under the Civil law, however, such a suit would be liable to dismissal on the ground that title is derived solely from Indian use. It may be true that there is no real inconsistency between the Civil and Criminal law as the latter confers no rights but merely extends the protection of the Merchandise Marks Act to certain classes of marks. The question of title may still be raised by an aggrieved party, although this would necessitate the filing of a suit. In effect, however, the absence of any stipulation as to "use" has placed non-Indian marks in a position of advantage as compared with Indian marks. While in the case of the latter, actual use in India must be proved, in the case of non-Indian marks the mere production of a certificate may suffice. The onus of proving that the non-Indian mark has not been used in India and is not, therefore, entitled to protection would then lie on the defendant.

Probable effect of trade mark registration.

6. The unsatisfactory position of Indian marks under the Merchandise Marks law is partly explained by the absence of trade mark legislation in India. As no machinery exists for the examination of a mark for distinctiveness, cases of accidental infringement are not uncommon. Where the infringement is deliberate, the defendant may escape a penalty by asserting his exclusive title to the mark. The burden of proof would then lie on the plaintiff who may find himself driven to seek redress in a Civil Court. If India had a system of statutory registration, however, the question of ownership could be settled more expeditiously. Indian marks would then enjoy all the advantages under the Merchandise Marks Act which are at present available to certain classes of non-Indian marks. It would also then be possible for India to join the International Conventions and thereby to secure reciprocal protection for Indian marks. In a separate report I have discussed the case for registration and have suggested that legislation should be introduced on the lines of the United Kingdom Acts. A Bill embodying my detailed proposals has also been drafted to facilitate the further consideration of the scheme. If the proposals are approved and trade marks legislation is enacted, it will be necessary to amend Section 478 of the Code.

Proposed definition of "trade mark."

7. Section 2 (k) of the draft Trade Marks Bill defines a trade mark as follows :

"a 'trade mark' means a mark used or proposed to be used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark."

This definition is much more clearly worded and precise and covers a much wider range of marks than the definition in the Merchandise Marks Act. It includes within its scope marks which are actually in use and also marks which are proposed to be used, *e.g.*, by a company to be formed. Further, marks used in any relation to goods, *i.e.*, either upon the goods or in advertisements concerning the goods, would be equally entitled to protection under the law. As it is desirable that the expression "trade mark" should have the same meaning in both the statutes relating to markings on goods, an amendment of Section 2 (1) of the Merchandise Marks Act seems to be necessary. It is proposed that for the existing definition there should be substituted the definition contained in Section 2 (k) of the draft Trade Marks Bill. As regards the corresponding provisions of Section 478 of the Code, it was suggested by the departmental committee appointed in 1919 to report on the working of the United Kingdom Merchandise Marks law that in a penal statute the definition should be limited to registered marks and to unregistered marks which have acquired distinctiveness. A Criminal Court, however, is scarcely a proper tribunal for carrying out an investigation into the distinctiveness of a mark. The issues involved are usually of a complex nature and require specialized knowledge and experience for their elucidation. The proceedings may also sometimes lead to delay which would minimize the effect of the penal provisions. In view of these facts, it is proposed that after the enactment of trade mark legislation the definition in the Code should be revised so as to make the provisions applicable to the following classes of marks :

- (i) trade marks registered in India ;
- (ii) trade marks registered in the United Kingdom ;
- (iii) trade marks which, either with or without registration, are protected in such foreign countries and colonies as fall within the purview of Section 58 of the Trade Marks Act.

The provisions of Section 58 of the draft Trade Marks Bill are based on the corresponding provisions of the United Kingdom Statute. It is presumed that in extending the provisions of this section to foreign countries or colonies the principle of reciprocity will be observed. Thus, only such countries will secure benefits under the Indian statutes as accord reciprocal treatment to Indian registered or unregistered marks. As regards marks registered under the United Kingdom Trade Marks Act, no change is contemplated in the existing legal position. It is suggested, however, that as soon as legislation has been enacted for the registration of trade marks steps should be taken to obtain reciprocal benefits for Indian marks in the United Kingdom. It may be objected, perhaps, that the amendment will have the effect of depriving unregistered Indian (or British) marks of protection as "trade marks." The answer to the objection is that some distinction must be made between registered and unregistered marks in the interests of the scheme of registration. Unregistered Indian (or British) marks will not, however, be left unprotected as under Section 4 (1) of the Act, as amended, they will be treated as "trade descriptions."

Section III.

TRADE DESCRIPTIONS.

Definition of "trade description" in the Act.

8. It has been stated above that prior to the enactment of legislation the application of a false trade description to goods was not punishable in India. There had been a noticeable increase, however, in imports of continental goods marked with indications which were designed to mislead the purchaser. The Act, therefore, created the new offence of applying a false trade description with a view to safeguarding the interests of both traders and consumers. The relevant provisions are contained in Clauses (2) and (3) of Section 2 and in Section 4 of the Act and are based on the provisions of the United Kingdom Statute. Section 2 (2) defines a trade description and Section 2 (3) a false trade description and Section 4 contains certain provisions supplemental to the definition of a false trade description. Several suggestions have been made for the modification of these provisions and are examined below in the order of the relevant sections.

Proposals for revision : (a) "get-up."

9. The expression "trade description" as defined in the Act covers any description, statement or other indication, either direct or indirect, as to the origin, measure, composition or mode of production of any specified goods. Two suggestions have been made for extending the scope of the definition. Firstly, in reply to the Commerce Department's circular letter on trade mark registration, No. 401 (1)-Tr. (I.E.R.), dated the 25th February 1937, the Bengal Chamber of Commerce has remarked that the infringement of "get-up" is becoming a common practice in India. In my explanatory notes on the Trade Marks Bill, I have pointed out that the "get-up" of goods generally consists of features which are not only incapable of precise definition but are also subject to frequent changes. It is not, therefore, practicable to admit "get-up" to registration and it has been specifically excluded from the scope of the Bill. As regards trade descriptions, it has been held that the indication alluded to in Section 2 (2) of the Merchandise Marks Act must be in the nature of a definite description or statement and does not include the "get-up" or "make-up" of goods. It would be a mistake, I think, to extend the scope of the sub-section so as to make it applicable to the external appearance or arrangement of goods. Any such provision in a penal statute like the Merchandise Marks law would impose a responsibility on the Criminal Courts which they are ill-equipped to discharge. This does not, of course, mean that "get-up" would not be protected as the civil remedy would continue to apply in cases of infringement.

(b) Marking on cases of piecegoods.

10. The second proposal with regard to the amendment of this sub-section has been made by the Marwari Chamber of Commerce, Calcutta. It has been suggested that a new sub-clause should be inserted below sub-clause (e) to cover indications as to the number of pieces contained in a case of piecegoods. As descriptions or indications in respect of the number or quantity of all classes of goods are included in sub-clause (a) of this sub-section, it does not seem necessary to make separate provision with regard to piecegoods.

(c) Unregistered trade marks.

11. There is no need to amend the provisions of Section 2 (3) of the Act which relate to the application of a false trade description. The supplemental provisions of Section 4 must, however, be modified if my proposal for the amendment of the Code is accepted. Clause (1) of Section 4 which corresponds to Clause (2) of Section 3 of the United Kingdom Act extends the provisions of the law relating to the application of a false trade description to any "numerals, words or marks, or arrangement or combination thereof, whether including a trade mark or not" as are likely to cause deception. It will be observed that trade marks by themselves are not covered by these provisions, but are protected at present under Section 478 of the Code. If the provisions of the Code are revised, as recommended by me, unregistered trade marks, whether of British or Indian origin, will cease to be entitled to protection under this section. As this will seriously affect the existing rights of a large number of owners of wellknown trade marks both in the United Kingdom and India, I suggest that unregistered marks should be classed as trade descriptions so as to qualify for protection under the supplemental provisions. If the proposed amendment of Section 4 (1) is carried out, the application of a false unregistered mark to goods or the sale of goods bearing a false unregistered mark will be punishable under sections 6 and 7, respectively. The penalties will be less severe than under the corresponding provisions of the Code which, in the case of trade marks, will apply only to registered marks. The difference in status between registered and unregistered marks will thus be emphasized without depriving the latter of protection. If my proposal for treating unregistered trade marks as trade descriptions is accepted, I suggest that the procedure to be followed in Custom Houses in respect of goods to which such marks have been applied should still be that laid down in paragraphs 4—9 of the Merchandise Marks Manual.

(d) Fictitious names or initials.

12. Clause (2) of section 4 is based on clause (3) of section 3 of the United Kingdom Act and relates to the application of false names or initials to goods. The use of such names or initials is brought within the scope of the provisions supplemental to the definition of the

expression "false trade description." In the United Kingdom Act, however, the term "false name or initials" includes the name or initials of a fictitious person or of some person not *bona fide* carrying on business in connection with the goods. It is not clear why this provision has been omitted from the Indian Act, but the absence of a clause which might penalise the use of imaginary names so that buyers may not be led to believe that the goods are manufactured by a *bona fide* firm when no such firm exists is a serious defect in the law. The principle that a trade reputation acquired by the use of a fictitious name is not entitled to protection is recognized by the Indian Courts. An express provision in the Act prohibiting the use of such indications would, therefore, be useful in preventing deception of the public.

Section IV.

MARKS OF ORIGIN.

Provisions relating to marks of origin.

13. The provisions of the Act with regard to the marking on imported goods of an indication of origin are modelled on the English law. The United Kingdom Act, prior to its amendment in 1926, was directed to the suppression of false or misleading marking and did not require a positive indication of origin except where such marking was already on the goods. In India also, under the provisions of the existing law, goods which are unmarked or bear only such marks as are neither misleading nor deceptive may be imported without any indication of the country of origin. The relevant provisions are contained in sections 10 (1) and 11 of the Merchandise Marks Act which reproduce the provisions of the Sea Customs Act. Under section 18 (d) of the Sea Customs Act, the import is prohibited of goods bearing a counterfeit trade mark or a false trade description. The law does not specify the circumstances in which the prohibition may be waived, but provision is made in the rules for allowing importation subject to the application to the goods of a counter-indication of origin. Section 18 (e) of the Sea Customs Act prohibits the import of goods made or produced beyond the limits of the United Kingdom or British India which bear the name or trade mark of a trader in either of these countries, unless such goods are marked with an indication of their origin. This section corresponds to section 16 (1) of the United Kingdom Act of 1887 which, however, does not extend any reciprocal privilege to Indian exporters. Further, while the Act has accorded a privileged position to the United Kingdom, Indian States have been placed on the same footing as foreign countries. Finally, under section 19A (3) of the Sea Customs Act, the import is prohibited of goods bearing a name which is similar to the name of a place in the United Kingdom or British India, unless a counter-indication of origin is affixed to the goods. The section is based on section 16 (4) of the United Kingdom Act of 1887, but it will be observed that the requirements both of this section and of section 18 (e) of the Sea Customs Act as to the marking of an indication of origin are more precise and specific than of the corresponding provisions of the United Kingdom Statute.

Proposals for revision summarized.

14. There has been considerable criticism of the law relating to marks of origin and suggestions have from time to time been made for its amendment. The criticism is directed, firstly, against the provisions of sections 18 (e) and 19A (3) of the Sea Customs Act which require that the indication on the goods shall specify the exact country of origin. It is argued that the provisions favour the foreign manufacturer by giving him an opportunity to advertise the origin of his goods. To counteract this tendency, a proposal has been made that the indication in such cases should be general rather than specific. In contrast with this view is a second line of criticism which is largely supported both in India and the United Kingdom. According to this school of thought, the absence of a mandatory provision regarding the marking of an indication of origin on foreign goods is a serious defect in the Merchandise Marks law. There is a difference of opinion as to whether such a provision should apply to all imports or only to specified classes of imports. All interests, however, seem to agree that the marking should be obligatory and should allow no option, as at present, to the trade. The third proposal arises from the demand for the withdrawal of the special privilege enjoyed by British manufacturers under the law. When the provisions of section 18 (e) of the Sea Customs Act were framed, there was no serious rivalry between British and Indian interests. It is

stated, however, that with the development of Indian industry, these interests can no longer be regarded as identical.

Proposals analysed :

(a) Specific indications as advertisement of foreign goods.

15. The points to which reference is made above may now be discussed in detail. As regards the first suggestion, viz., that a specific indication of origin acts as an advertisement of foreign goods, it should be pointed out that although in the past this view was held by several Chambers it seems to have few supporters at the present time. The question was first raised by the Secretary of State for India in 1901 and was the subject of controversy for several years. The Secretary of State pointed out that from the point of view of the British trader it would be a distinct advantage if India followed the British practice of not requiring the disclosure of the precise country of origin. Similar representations demanding a relaxation of the provisions relating to the marking of the country of origin on foreign goods have from time to time been made by certain British Chambers. It will be observed, however, firstly, that a specific counter indication is required only when the goods bear the name or trade mark of a trader, or the name of a place, in the United Kingdom or British India. In all other cases, e.g., where the goods bear a counterfeit trade mark or a false trade description, importation may be allowed subject to the marking of a more general indication of origin. Secondly, as was pointed out in a letter addressed to the Provincial Governments in 1916, the main factor in determining Government's policy in administering the Act must be the interests of Indian trade and of the Indian consumer. In criticising the view that a specific indication of origin operates as an advertisement of foreign goods, Government observed :—

“ We are sceptical of the value to foreign nations of the advertisement which their goods are said to obtain from our regulations, and we cannot see how British trade would be benefited by the publication of the fact that any particular imported article is of non-British origin in place of an indication that it is the produce of some specified foreign country. Moreover, it is always open to the foreign manufacturer to secure whatever value attaches to such advertisement by marking his goods conspicuously with his name and address ; and * * * the best manufacturers already adopt this course. Our regulations, therefore, force the advertisement on that class only which does not desire it, viz., on the manufacturers of inferior articles, the exact origin of which they desire to conceal. The proposed assimilation of the rules of the British and Indian Custom Houses would, in our opinion, operate in favour of this class and of the middlemen, not necessarily British, and would not benefit the British manufacturer.”

This seems to be a conclusive answer to the objection that a mark of origin indicating the country where the goods are produced favours the foreigner.

(b) Obligatory marking on foreign goods :

(1) History of proposal.

16. The second proposal relates to the obligatory marking of imported goods with a general or specific counter-indication of origin. The demand for a mandatory provision of this nature in the Merchandise Marks Act has a long history. The question was first raised by Government in 1916 in connection with the proposed revision of commercial policy after the war. The problem then was how to prevent German or Austrian goods from being passed off as goods manufactured in an allied country and among the various aspects of policy which were examined at the time was the law and practice relating to indications of origin. The views of the Provincial Governments and Chambers of Commerce were invited on the question whether any modification of policy was desirable and it was found that opinion was in favour of the compulsory marking, where practicable, of the country of origin on foreign goods. Goods manufactured in the United Kingdom were, however, to continue to enjoy their privileges under the Act and were to be exempt from the requirements of the marking provisions. The Government of India seemed to agree that an amendment of the law was necessary in the interests of both India and the United Kingdom, but it decided to await the decision of His Majesty's Government on the contemplated revision of the United

Kingdom Merchandise Marks Act. The question was revived in 1923 by Mr. Manmohandas Ramji, a member of the Indian Legislative Assembly, who gave notice of his intention to introduce a Bill to amend the Indian Act; the object of this measure, which was never actually introduced, was to make the marking of a specific indication of origin compulsory on all goods whether of British or foreign manufacture. In 1926, the United Kingdom Act was revised, and in the same year Mr. K. C. Neogy, another member of the Assembly, introduced an amending Bill in the Indian Legislature. This Bill was framed on the lines of the United Kingdom Act of 1926 and was designed to make marking obligatory, both at the time of importation and sale, on certain classes of notified goods. The privileged position of British manufacturers under section 18 (c) of the Sea Customs Act was not, however, affected. The views of commercial bodies were generally in favour of the principles underlying Mr. Neogy's Bill, though the provisions with regard to sale were opposed. In 1930, a final draft of the Bill was prepared, but the measure was not proceeded with and for the next six years the question of revision remained in abeyance. The demand for amendment was, however, gathering strength and in 1937 opinions were again invited on the proposal to introduce a system of compulsory marking.

(2) *The issues involved.*

17. There are several issues raised by the proposal outlined above which must be carefully examined before a scheme of marking is devised. The major issues are, firstly, whether the provisions should apply to all foreign goods imported into the country, or only to such goods as are notified after enquiry; and secondly, whether the provisions should apply at importation only or both at importation and sale of foreign goods. The minor issues which require consideration are:—

Firstly, what form of mark should be applied?

Secondly, should the indication be general (i.e., "made abroad") or specific (i.e., "made in .")?

Thirdly, should the indication be applied to the goods as a whole or to each separate part of a composite article?

Fourthly, should the indication be applied to goods for home consumption only, or also to goods in transit through India?

Fifthly, should the indication be applied to foreign goods only, or also to goods produced in the Indian States? (The case of goods of British manufacture is discussed separately.)

Sixthly, what procedure should be followed before imported goods are notified as requiring to be marked with an indication of origin?

(i) *Provisions to apply to specified goods.*

18. As regards the first point, while the bulk of Indian opinion is in favour of compulsory marking on all imported goods, the non-Indian Chambers have suggested that the scheme should apply only to such goods as are notified after enquiry. In support of their proposal the Indian Chambers have pointed out that a system of marking on the British model would lead to delays and irreparable damage might be done in some cases before the preliminary enquiry was completed. Their suggestion, therefore, is that India should follow the American practice of requiring all foreign goods to be marked with an indication of origin, exemption being granted in specified cases after enquiry. There are several objections, however, to the adoption in India of the practice obtaining in the United States of America. Firstly, there are classes of goods (e.g., sugar, salt, bulk oil, etc.), which do not permit of the marking of an indication of origin. As the sale of these goods often takes place in bulk, the application of the mark to the containers in which they are imported may have little effect in preventing deception of consumers. Secondly, in the case of numerous manufactured articles (e.g., jewellery, gold thread, silk apparel, etc.) there may be an immediate fall in value if an irremovable mark indicating the country of origin is applied to the goods. Thirdly, as there are several classes of imported goods which do not compete with Indian products, the marking of such goods with an indication of origin would not appear to be necessary in the interests of Indian industry. If the marking requirements were extended to all imported goods, subject to waiver of the provisions in specified cases, it may be assumed that there

would be numerous applications for exemption and the number of articles to which the provisions would apply would be limited. If exemptions were not, however, granted on a liberal scale, an undue burden would be thrown on the Customs staff without affording protection to any important interests. The restrictions would also have a hampering effect on trade as the importer of each new product would be required to claim exemption from the marking provisions if he is unable to comply with them. The system in force in the United States of America is, perhaps, better suited to a country which manufactures a large variety of goods and has adopted a policy of wholesale protection. For India, in her existing stage of development, a system based on the United Kingdom model may be more appropriate as it would ensure that a trade shall not be harassed by the imposition of restrictions before the interests concerned have been given a hearing. I, therefore, recommend that the proposed marking requirements should not apply uniformly to all imported goods, but only to such classes and descriptions of goods as are specified by notification after a full enquiry.

(ii) Provisions to apply both at importation and sale.

19. The second point relates to the time at which the provisions shall apply, i.e., at importation of the goods, by sea into British India, or both at importation and on sale of the goods, by wholesale or retail, in British India. It has already been stated that Mr. Neogy's Bill contained a provision extending the marking requirements to goods offered for sale. A large body of opinion, however, took the view that in India it was not practicable to enforce such a regulation. The arguments in favour of this view were summed up as follows by the Select Committee appointed to examine Mr. Neogy's Bill (February 1930) :—

“ It would be impossible to place upon the police or other officers of Government the duty of inspecting goods offered for sale since, apart from other objections, they would not possess the trade knowledge required for the discharge of such a duty, and the employment of a special staff for the purpose would entail heavy expenditure of public money. Manufacturers in India with few exceptions are not well organised and, in view of the geographical extent of the Indian market, we fear it would be impossible for even a well organised manufacturers' association to maintain a staff adequate to secure the enforcement of the regulations. In our view these practical difficulties are at present insuperable, and we are agreed that legislation to enforce marking at the time of sale would be largely infructuous.”

Even in England where manufacturers are much better organized and local authorities possess the necessary experience and knowledge, a great deal of difficulty seems to have been encountered in giving effect to the provisions at the time of sale. In India, the effective enforcement of such legislation would present even greater difficulty and for this reason, in 1928, Sir Courtney Tyrell, a recognized authority on the Merchandise Marks Act, expressed the view that the time was not ripe for making marking compulsory. It was recognized that a real control in the majority of cases would only be possible by making the sale of unmarked goods punishable and as there were practical objections to extending the marking requirements to goods on sale the whole scheme was held to be impracticable. As against this view, it has been urged, principally by certain British Chambers, that the enforcement of the requirements at the time of sale is essential. If the provisions are applied at the time of importation only, the scheme of protection may lose much of its value. Moreover, while it is true that there are several Indian industries which are not sufficiently organized to help in the detection of offences, there are others which have attained a high degree of development. In the piecegoods trade, in particular, effective and valuable assistance may be expected from the various millowners' and piecegoods merchants' associations. There may be some ground for holding that, in view of the practical difficulties, restrictions at the time of sale should not be imposed in all cases where marking is required at the time of importation. Discretion should, however, be given to Government to extend the provisions to specified classes of goods in respect of which the enforcement of the marking regulations is considered practicable. It may not be necessary to impose such restrictions where the mark on the goods is indelible and irremovable, but where a possibility exists of the mark being substituted, e.g., in the case of tennis frames or cotton knitted wear, there may be a case for enforcing the restrictions at the time of sale. It would also be necessary to consider whether

the restrictions should apply at the time of wholesale or retail sale of the goods. Each case should be dealt with on its merits after full enquiry into the circumstances of the trade and the requirements of Indian industry. It may be added that the imposition of restrictions at the time of sale would not be entirely without precedent as the selling of goods bearing a false trade mark or a false trade description is already a punishable offence under the Act. By an extension of this principle, the selling of specified goods bearing no indication or marked with an insufficient indication of origin could also be penalised under the law. I, therefore, recommend that Government may be empowered to apply the marking restrictions in specified cases at the time of sale after giving all the interests a hearing.

(iii) *Minor issues.*

20. As regards the minor points, it will be noted that the circumstances of industry are so diverse that no set of rules can be framed which could be uniformly applied to all classes of goods. The first point to which reference has been made is the form of mark which should be affixed to the goods falling in the specified classes. The mark must be indelible and irremovable, but the manner in which it should be affixed, i.e., either by stamping or engraving or attachment of a label, should be determined by Government on the merits of each case. As regards the second point, viz., the nature of the indication, it has already been pointed out that the risks involved in specifying the exact country of origin have been greatly exaggerated. There may be cases, however, where a firm which exports goods to a number of countries with different marking regulations finds it more convenient to use a general indication, e.g., "made abroad." If no Indian interests are affected, I think it would be a mistake to insist on the use of a specific indication in such cases. A uniform rule requiring a specific indication may cause harassment to traders without benefiting Indian industry. Discretion should, therefore, be given to Government to prescribe in each case after full enquiry the nature of the indication to be applied. The third point relates to the marking of composite goods and the suggestion has been made that where marking is made compulsory not only the goods but also the parts of the goods as well as their packages and containers should bear an indication of origin. While there can be no objection to the marking of packages and containers, the marking of component parts is not always feasible. As has been pointed out by the Committee of the Federation of British Industries in their reply to the Commerce Department memorandum, if a part of the goods is made in one country and the remainder in another a misleading impression may be created as regards the origin of the composite article if the parts are separately marked. To meet this difficulty, the Committee have suggested that where separate marking of the parts is likely to deceive the consumer any printed matter offered with the goods at the time of sale should state the country of origin of each component part. I think it will be agreed that advertisements would give a better opportunity of dealing satisfactorily with this difficulty in relation to composite goods than separate markings on the component parts of such goods. No general rule can, however, be laid down in such cases as each branch of trade is carried on under different conditions. I suggest, therefore, that Government may be empowered to prescribe in each case after full enquiry the manner in which composite goods and the containers and packages in which goods are imported or sold shall be marked. The fourth point, viz., whether the indication should be restricted to goods for home consumption or should also be applied to goods in transit or goods for re-exportation, was keenly debated in the United Kingdom before the amendment of the Act. It was pointed out that the indication of the country of origin on transit goods was likely to have an adverse effect on the country's entrepôt trade. Section 2 of the Act of 1926, therefore, provided that, subject to compliance with certain conditions as to security for the re-exportation of the goods, a marking order should not be applicable to goods imported for re-exportation after transit through the United Kingdom, or by way of transshipment, or to goods declared on importation to be for re-exportation. In India, there seems to be little danger that the transit trade to Afghanistan or Nepal would suffer by such restrictions as there are few alternative routes by which foreign goods can travel to these countries. On the other hand, the entrepôt trade of Bombay may, perhaps, to some extent, be diverted to foreign ports and the use of British Indian ports by foreign vessels for purposes of transshipment may also be affected. There is a risk no doubt that if the provisions are not applied to goods in transit, unmarked goods may occasionally pass into domestic consumption and thus stultify the entire scheme. The practice at present is to enforce any regulations that

may be issued under the Merchandise Marks Act, not only in connection with goods imported for home consumption, but also in connection with goods in transit other than postal articles. If security, however, were taken as in the United Kingdom for the re-export of transit goods, there could be no serious objection to exempting such goods from the marking requirements. As exporters in the United Kingdom have strongly represented that the regulations should not apply to transit goods, I recommend that a provision corresponding to the proviso to Section 2 (5) of the United Kingdom Act of 1926 may be included in the scheme. The fifth point relates to the question whether the mark should be applied to foreign (i.e., non-British) goods only or also to goods produced in or imported from Indian States. The privileged position of British manufacturers under the existing law is discussed in the next paragraph. As regards goods produced or manufactured in the States, a suggestion has been made that the distinction between British Indian goods and goods manufactured in the States should be eliminated and the marking requirements should apply only to non-Indian goods. The objection to the proposal is that a general exemption may lend itself to abuse as unmarked foreign goods may be imported into British India through an Indian State after undergoing some process of manufacture in the State. I, therefore, suggest that the marking regulations should apply to all goods originating outside British India, but exemption may be allowed in the case of individual States. In granting exemption, Government would no doubt consider whether the State in question can be relied on to enforce the provisions of the Act with regard to compulsory marking. The sixth point to which reference has been made is the procedure to be followed in applying these provisions to specified goods. It has been pointed out that conditions vary so much as between one class of goods and another, and between separate trades, that no uniform rule applicable in all cases can be prescribed. Provision should, therefore, be made for the holding of an enquiry as a condition precedent to the passing of a marking order. In the course of this enquiry, ample opportunities should be given to all parties interested or affected to put forward arguments and evidence both for and against the proposed order. It should also be open to an aggrieved party at any stage to apply for the withdrawal or modification of this order. The scope of the order has already been indicated : it will prescribe the time at which the restrictions shall apply, the form of the mark, the nature of the indication, the manner in which composite goods shall be marked and the conditions to be fulfilled if the goods are in transit. Provision must, however, be made as in Section 3 of the United Kingdom Act of 1926 so that specified goods or goods imported from a specified Indian State may be granted exemption from the operation of the order. It may be claimed for the scheme outlined above that it can be applied with the minimum of delay in relation to any class of goods without causing undue dislocation to the trade or imposing a strain on the machinery of Government. A system of marking on these lines would also ensure that the marking requirements prescribed in each case shall be determined by the conditions prevailing in the trade.

(c) *Withdrawal of privilege enjoyed by United Kingdom traders.*

(1) *History of proposal.*

21. The third main proposal to which attention should be directed is that the privilege enjoyed by United Kingdom manufacturers under Section 18 (e) of the Sea Customs Act should be withdrawn. The controversy over this question has taken an acute turn in recent years, though as early as 1922 there had been complaints that the privilege was being abused. A consignment of dhotis bearing marks in Gujrati characters without any indication as to the country in which they were manufactured was imported into India from the United Kingdom in that year. The dhotis were similar to goods of Indian manufacture and it was alleged that in the Bombay market they had been passed off as Indian goods. Mr. Manmohandas Ramji's Amendment Bill of 1923 provided for the withdrawal of the privilege enjoyed by British goods and Sir Charles Innes' comment on this provision was that British interests could no longer be treated as identical with those of Indian manufacturers. Mr. Neogy's Bill of 1926, on the other hand, continued the privilege, except in cases where the application of a mark of origin to all imported goods was prescribed. Between 1931 and 1936 there have been persistent complaints of a tendency on the part of manufacturers in the United Kingdom to take advantage of the provisions of Section 18 (e) of the Sea Customs Act with a view to passing off British goods as goods of Indian manufacture.

(2) *The issues analysed.*

22. Trade interests in the United Kingdom and a few British Chambers in India have protested in emphatic terms against the proposal to withdraw the privilege. Indian opinion, on the other hand, is almost unanimously in favour of placing British goods on the same footing as other foreign goods. The arguments against an amendment of the law are, firstly, that unfair competition has been experienced in India more from foreign than from British traders; secondly, that the withdrawal of the privilege would involve alterations in many old established tickets and plates used in stamping textiles and increase the cost of production of these goods; and thirdly, that restrictions of this nature will have an adverse effect on British trade with India which has already suffered severely from foreign competition. The Bengal Chamber of Commerce has also urged that the relations between British India and the United Kingdom are such as to warrant the retention of this privilege on grounds of sentiment alone. As against these views, it may be noted, firstly, that the use of unfair methods is by no means confined to foreign manufacturers, but there have been frequent complaints against British manufacturers also. With the increase of competition between British and Indian interests, especially in the piecegoods trade, the risk of abuse of the concession by manufacturers and traders in the United Kingdom has grown stronger. Secondly, the argument that the additional cost involved in altering stamps will have a restrictive effect on British trade seems to have been exaggerated. Cotton textiles are, perhaps, the only important goods which are likely to be adversely affected by the proposal and in their case an understanding was reached in 1933 between British and Indian interests that the name of the country of origin shall be stamped on all textiles manufactured by either country for sale in India. Thirdly, it will be observed that while the Indian Act grants preferential treatment to British imports, Indian imports into the United Kingdom enjoy no corresponding privilege. While it is true that the absence of a reciprocal provision in the English Statute imposes no practical disability on Indian traders, the grant of a concession for which there is no return seems to be indefensible. Fourthly, the suggestion that if the privilege is withdrawn British export trade with India will suffer seems to imply that at present the Indian consumer is deceived as to the origin of goods imported from the United Kingdom. Moreover, as the object of the marking provisions is to protect national industry as well as the consumer, it seems desirable that the marking order should apply to all non-Indian goods falling in a specified class, irrespective of their origin. There seems to be no justification for exempting British goods if the class in which they are included calls for the application of the provisions. As regards goods originating in the States, it has already been pointed out that there should be no general exemption, but in specified cases, where the conditions permit, exemption may be allowed by executive order. It is proposed, therefore, that Section 18 (e) of the Sea Customs Act may be amended so as to make the provisions applicable to all goods produced outside British India which bear the name or trade mark of a British Indian trader without any specific counter-indication of origin. No change is, however, recommended in the provisions of Section 19-A (3) of the Act under which goods bearing a name which is identical with or a colourable imitation of a name of a place in the United Kingdom are placed on the same footing as goods bearing the name of a place in British India or Burma. Names of places in the United Kingdom are familiar to the Indian consumer and there seems to be a definite risk that confusion may be caused as regards the country of origin of goods bearing such names unless provision is made for the marking on the goods of a specific indication as to the country in which they are manufactured.

(d) *Amendment of Section 18 (e) (ii) of the Sea Customs Act.*

23. Another minor point which should be dealt with at this stage is the proposal to amend Section 18 (e) (ii) of the Sea Customs Act. Under the provisions of this clause, the counter-indication of origin must be in the same language and character as the name or trade mark. It has been suggested, however, that in order to facilitate the identification of the country of origin, the words "or if such language and character are those used in any country outside Asia, in the English language" should be added to the proviso. The effect of the amendment will be that where a non-Asiatic language or character is used in a name or trade mark, the country of origin will not be indicated in the same language or character but in the English language. It will be observed that the provisions will not apply to Japanese

goods or goods imported from other Asiatic countries which will continue to be marked with indications of origin in the language or character used in the name or trade mark. The exclusion of these countries from the scope of the amendment is likely, however, to stultify the provisions and to facilitate deception of the Indian consumer. An alternative suggestion has, therefore, been made that where the language and character used in the name or trade mark are those of any foreign country, whether in or outside Asia, the language of the counter-indication should be either English or any language commonly spoken in India. While it will be agreed that the requirements should apply to all countries, I think it would be a mistake to give the foreign manufacturer the option of using any Indian language in the counter-indication applied to his goods. The language used in such cases should be English which is recognized as the language of commerce throughout the world and with which Indian consumers as a whole are more familiar than with certain provincial languages, e.g., Gurmukhi or Tamil. I suggest, therefore, that Sections 18 (e) (ii) and 19-A (3) of the Sea Customs Act may be amended so as to provide that the language of the counter-indication shall be English, irrespective of the language or character used in the name or trade mark.

Section V.

TEXTILE MARKS.

Provisions relating to marks on textile goods.

24. In the United Kingdom Acts of 1887 and 1926, there are no special provisions relating to marks on textile goods, false indications on such goods being punishable under the ordinary provisions. The Indian Act, however, contains both general and specific safeguards against the application of false trade descriptions to such goods. The general safeguard lies in the wide scope of the definition of the expression "trade description" in Section 2 (2) of the Act. Section 2 (3) defines a "false trade description" while Sections 6 and 7 penalise the application to goods of a false trade description or the sale or exposure for sale of goods to which a false trade description has been applied. In addition to this general protection certain specific safeguards have been provided in the case of an important class of textile goods. Section 18 (f) of the Sea Customs Act prohibits the import of piecegoods which bear no indication as to the length of each piece and Section 12 of the Merchandise Marks Act penalises the removal of such goods from any factory premises in British India. Notifications have also been issued under Section 19 defining the classes of goods covered by the expression "piecegoods" and under Section 12 prescribing the rules which should be followed in applying the provisions of Section 2 (2) to certain textile goods.

Proposals for revision summarized.

25. Several proposals have been made for the amendment of the law in order to reinforce the provisions relating to textile marks. The suggestion that markings on cases of cotton piecegoods should be specified as a form of trade description under Section 2 (2) has already been discussed in an earlier paragraph. The other proposals which require consideration are, firstly, that provision should be made in the Act for the stamping of width on each piece of piecegoods; secondly, that provision should be made for the stamping of the name of the producing mill or Indian purchaser on each piece; thirdly, that some form of restriction should be imposed on the sale of cotton yarn which is not of standard tensile strength and is not offered in bundles of guaranteed count and weight; fourthly, that issues of piecegoods from factories should be controlled and supervised by a special staff appointed by Government; and fifthly, that an indication of origin should be applied to all cotton goods of foreign manufacture, the mark being stamped at reasonable distances on goods which are imported in bales, but sold by the length. It is interesting to note that the demand for additional safeguards in the provisions of the Act relating to marks on textile goods is mainly directed against Indian manufacturers who have been accused of resorting to dishonest practices.

Proposals analysed : (a) Marking of width : (b) Marking of name of manufacturer or purchaser.

26. The first two proposals, viz., that the stamping requirements under Section 18 (f) of the Sea Customs and Section 12 of the Merchandise Marks Act should be amplified to include indications as to width and the marking of the name of the manufacturer or Indian purchaser, have been unanimously supported by Indian opinion. It is pointed out that with the growth of competition between Indian mills the overmarking of size on textile goods has become a wide-spread evil : at Cawnpore, the marking of cotton undervests with sizes which are higher than the actual is being openly resorted to, while in the dhoti trade discrepancies are frequently noticed between the real and the stamped dimensions of the products of certain mills. It is not correct, however, to assume that the existing law provides no remedy to an interested or aggrieved party in such cases. Although no obligation rests on a manufacturer to stamp an indication as to the width of the piecegoods or the size of any other textile goods, any such indication voluntarily marked is classed as a trade description. A false trade description, e.g., in the case of piecegoods, a description of length *or width* which exceeds the real dimensions by more than the permissible margin, is punishable under the Act. It may be of interest to note that the question of making the marking of width obligatory was considered in 1889 before the present Merchandise Marks law was enacted. In the course of the debate on the Bill in the Governor-General's Council it was pointed out by Sir D. M. Petit that owing to the practice of not stamping the width, buyers were deceived by wholesale or retail traders. To this argument the Government spokesman replied that buyers of piecegoods "could easily inform themselves of the width of such goods by inspection and were, therefore, quite competent to protect their interests." It seems obvious, however, that a buyer cannot ordinarily check the width of the entire length of the cloth purchased by him : the checking is usually done by measuring the ends or certain other parts of the piece of cloth which has been purchased. If the width is not even, a loophole for fraud remains against which no adequate safeguard is at present provided. Compulsory marking will give no direct protection to the buyer as the difficulty of checking the stamped dimensions will not be solved. On the other hand, by bringing home to manufacturers their responsibility in the matter of indicating the correct width it may lessen the risk of fraud. I, therefore, recommend that Section 18 (f) of the Sea Customs and Section 12 of the Merchandise Marks Act may be amended so as to provide for the obligatory marking of width on each piece of piecegoods. No similar provision need, however, be made as regards the sizes of other classes of textile goods which may continue as at present to be classed as trade descriptions. As regards the marking of the name of the manufacturer or the Indian purchaser on piecegoods intended for sale in India, the provisions will facilitate prosecutions under the Act by giving a ready indication of the origin of the offending goods. Under the existing law, any seller of such goods can be prosecuted, but it may be considered undesirable to proceed against the small retailer who may sometimes be a victim of the fraud rather than a party to it. If the name of the manufacturer or wholesale dealer is, however, known, it may be possible to attack the evil at its source by taking proceedings against him. In view of these facts, I recommend that Section 18 (f) of the Sea Customs and Section 12 of the Merchandise Marks law may be further amended by providing that the name of the manufacturing mill or first wholesale purchaser in India shall be stamped at reasonable lengths on each piece of piecegoods.

(c) Marking of count and weight on bundles of yarn.

27. The third point arises from a proposal which was made by the representative of the United Provinces Government at the last Industries Conference. In a memorandum which was circulated at the Conference, it was pointed out that the handloom weaver was at a serious disadvantage in his competition with the mills as the latter controlled the supply of the industry's raw material, viz., cotton yarn. It was alleged that yarn of indifferent quality and unguaranteed quantity was being supplied by the mills to the weavers who were thus being compelled to make use of foreign yarn to an increasing extent. One of the remedies proposed was that "Government should impose some restriction either by legislation or agreement so that the mills may be obliged to offer yarn of standard tensile strength and counts and in bundles of guaranteed weight" for sale in the market. As was pointed out in the course of the discussion at the Conference, the complaint of the short-reeling of yarn by Indian mills is a long standing one and has been considered on several occasions. The Act does not provide for the obligatory marking of count or weight on bundles of cotton yarn,

but if any such marking is voluntarily resorted to, it would be treated as a trade description under Section 2 (2). False marking of count or weight on the bundles would thus be punishable under Sections 6 and 7, but if no marks or other indications are applied to the goods, the provisions of the Act would not be applicable. In indicating the count or weight of the bundles, the manufacturer is allowed certain margins for error which are prescribed by notification issued under Section 16. If the description, however, is in excess of these margins it becomes punishable as a false trade description under Sections 6 and 7. As regards tensile strength, this is a matter of quality and it is a long established policy under the Merchandise Marks Act that descriptions of quality should not be classed as trade descriptions in view of the difficulty of testing such descriptions. I cannot, therefore, recommend any change in the law as regards the stamping of bundles of cotton yarn with a quality mark. It would be useful, however, in my opinion, to require both imported and Indian yarn to be marked with an indication of the count and weight of each bundle. Although such a provision will not by itself suffice to protect the consumer against misrepresentation and fraud, it will benefit him indirectly by placing on the manufacturer the obligation of giving a correct description of the goods.

(d) Appointment of supervising staff.

28. The fourth point has been raised by the Bombay Government in their reply to a recent reference on the subject of the fraudulent marking of piecegoods. It is an obvious defect of the law that while the removal of unstamped piecegoods from a factory is prohibited, no machinery has been provided for the effective enforcement of the provisions of the Act. The Bombay Government has proposed the appointment of a supervisory staff for carrying out periodical test-checks in the factories. The cost of such a scheme would, however, be considerable as the industry is not localised but widely scattered throughout India. Moreover, the burden thus imposed on the industry might lead to an increase in Indian costs of production which may tend to weaken the industry's competitive position. The appointment of a special staff could, therefore, only be justified if there were no other means of realising the object in view ; an alternative method of enforcing the requirements is, however, clearly provided in the Merchandise Marks law. An offence under the Act may be prosecuted at the instance of any aggrieved or interested party, including a Provincial Government. Powers in this respect have remained largely dormant but they can be used to put a stop to practices which are detrimental to the public interest. If the name of the producing mill or the first Indian purchaser is marked on the piecegoods, in accordance with my recommendation, it will be easier to take action against the principal offenders and the moral effect of a few prosecutions may be decisive. For the success of such action, however, it is clearly necessary that the Provincial Governments should have the full co-operation of the various commercial bodies. It will be for the latter to convey information on which complaints will be filed and their representatives will also be required to give evidence against the offending mills. Fortunately, in the piecegoods trade, the principal millowners' associations seem alive to the necessity of bringing commercial malpractices under control. If they have been unable or unwilling to take the lead in instituting proceedings against the leading offenders, some of whom may be their own members, it may not, perhaps, be too much to expect that they would give all the assistance which the Provincial Governments may require for launching prosecutions. My suggestion, therefore, is that as the law provides a remedy which is available to any individual, commercial body or public institution interested in the enforcement of the provisions of the Act, it is unnecessary to appoint a special staff for supervisory purposes the cost of which will necessarily have to be borne by the industry.

(e) Obligatory marking on foreign textiles.

29. As regards the last point, viz., that the application of a mark of origin to foreign textile goods should be made compulsory, I have already suggested that the proposed regulations should in no case be applied without a full enquiry. All interests affected by the proposed marking order should be given an opportunity to state their case before the order is passed. I have also pointed out that in regard to all matters of detail specific directions should be given in the marking order. The distances at which the mark shall be applied on the body of the cloth would be one of several points dealt with in the order. It is neither possible nor necessary to lay down any general rule which could apply in the case of all classes of textile

goods. As I have stated elsewhere in this report, each case must be considered on its merits in the light of the conditions prevailing in the industry.

Section VI.

MINOR PROHIBITIONS.

Minor proposals summarised.

30. Two minor proposals have been made for the amendment of the law in the interests of consumers and certain specified trades. Firstly, attention should be drawn to the practice alleged to be prevalent in the case of some articles of affixing loose transfers indicating a false origin to goods offered for sale. The suggestion has been made that to prevent such deception it should be made an offence to import, deal in or possess a transfer or label with the intention of applying it, or with reason to believe that it will be applied, to substantive goods of which, when affixed thereto, it will constitute a false trade description. The second proposal which has been put forward by certain Indian Chambers is that the import or sale of goods bearing pictures or representations of Indian deities or national leaders should either be prohibited or restricted to cases where the goods are marked with an indication of origin.

Proposals analysed.

(a) Import and possession of transfers.

31. The controversy with regard to the fraudulent use of transfers may be traced back to 1933 when representations were made to Government that British cycle transfers were being imported in bulk for use on Japanese cycles and cycle parts sold in the Indian market. After prolonged discussion Government came to the conclusion that no prohibition could be imposed on the import of transfers under the existing provisions of the Merchandise Marks Act. A suggestion was, however, made that the law might be amended so as to prevent dishonest traders from importing or possessing transfers for purposes of deception of the Indian consumer. The amendment proposed has been supported by commercial interests, but there are certain objections to the scheme which need to be examined. Firstly, the fraudulent use of transfers is largely confined to one or two trades, e.g., the trade in cycles and in athletic goods. It cannot be said that the evil is so widespread as to justify the enactment of prohibitory legislation. Secondly, as has been pointed out by the British Cycle and Motor Cycle Manufacturers' Association, nearly all bicycle dealers deal in cycles of various makes and it would be difficult to prove that any British transfers imported or possessed by a dealer were intended to be fixed to foreign machines. As a very large number of transfers are used every year in India for fixing to old cycles after being repainted, this would serve as a valid excuse for their importation. The same difficulty is likely to be experienced in the case of sports goods as dealers usually stock articles manufactured in several countries. Thirdly, a total prohibition would cause harassment to other trades which import transfers for *bona fide* commercial use. The necessity of proving in every case that the number imported is not in excess of requirements would lead to delay in clearance and involve labour and expense both for the trader and the Customs authorities. Fourthly, if import were prohibited, a dishonest trader might resort to the production of fraudulent transfers in India; and it will probably be recognized that to prevent the domestic production of such transfers or labels would be an almost impossible task. In view of this difficulty, the Bangalore Commercial Association has suggested that the import of stamping machines should also be prohibited. It need hardly be pointed out, however, that the practice objected to cannot be brought under effective control by such action. Fifthly, under the present Act a remedy is already available in cases where a false transfer has been applied to the goods. Such a transfer would be classed as a false trade description and the application of the transfer to the goods or the sale or exposure for sale of the goods to which the transfer has been applied would be punishable under the Act. It may be true that in cases where evidence is not readily available it would not be easy to undertake Court action. Co-operation between the leading commercial bodies may, however, tend in the long run to minimize this difficulty. The Provincial Governments might also be persuaded to lend their support to the action proposed by launching a

few prosecutions. It may be mentioned, finally, that if my proposals with regard to the marking on imported goods of an indication of origin are accepted, it will be relatively easy to deal with the practice of using false transfers. In cases where there is satisfactory evidence of such use, but action under Sections 6 and 7 of the Act cannot be taken, a marking order could be passed requiring importers to affix an indelible indication of origin to all parts of the goods. In suitable cases, the order could also be extended to prevent the sale or exposure for sale of goods not so marked. In view of the greater efficacy of these proposals and the difficulties involved in prohibiting the import of transfers, I am not in favour of amending the Act as suggested.

(b) Import and sale of goods bearing pictures of deities and national leaders.

32. The second proposal is based on Mr. B. Das' Indian Religious Pictures Trade Marks (Prevention) Bill which was introduced in the Legislature in 1930 but was not proceeded with. The assumption underlying the Bill was that the use of pictures of Hindu deities on goods offered for sale was repugnant to Indian religious sentiment. As was pointed out during the debate on the Bill, however, this basic assumption does not appear to be correct. If the use of such pictures were offensive to Indian susceptibilities it seems improbable that traders and manufacturers would use them on their goods. The evidence, on the contrary, indicates that such representations add to the attractiveness of the goods and are valued by Hindu buyers. Moreover, if the import of such goods were prohibited, the pictures would probably be affixed after importation and the prohibition on sale would not be easy to enforce. In cases, however, where the pictures of national leaders or deities are used for the purpose of misleading the purchaser as to the country of origin of the goods, it may be desirable to remove all doubt as to the necessity for applying a counter-indication. If the marking proposals are adopted, an order could be passed requiring goods bearing such pictures to be stamped with a mark of origin either at the time of import or of sale or at both. It does not, therefore, seem necessary to impose a specific prohibition, by amending the Act, on the import or sale of such goods.

PART II.—DRAFT BILL.

A Bill further to amend the Indian Merchandise Marks Act, 1889, the Sea Customs Act, 1878, and the Indian Penal Code for a certain purpose.

Whereas it is expedient further to amend the Merchandise Marks Act, 1889, the Sea Customs Act, 1878, and the Indian Penal Code for the purpose hereinafter appearing ; it is hereby enacted as follows :—

1. (1) This Act may be called the Indian Merchandise Marks (Amendment) Act,

(2) It shall come into force on

2. (1) For Section 2 (1) of the Merchandise Marks Act, substitute the following :

“ 2 (1) “ trade mark ” has the meaning assigned to that expression in Section 2 (k) of the Indian “ Trade Marks Act ; ”

(2) For Section 478 of the Indian Penal Code, substitute the following :

“ 478. For the purposes of this Code, the expression trade mark means a trade mark registered under the Indian Trade Marks Act and includes, as respects trade marks not so registered, any trade mark in use in India which is either registered under the United Kingdom Trade Marks Act of 1905, as amended, or is protected by law in any British possession or foreign State to which the provisions of Section 58 of the Indian Trade Marks Act are applicable.”

3. (1) In Section 4 (1) of the Merchandise Marks Act, for the words “ or marks, or arrangement or combination thereof, whether including a trade mark or not,” substitute the following :—

“ marks or trade marks not registered under the Indian Trade Marks Act or the United Kingdom Trade Marks Act of 1905, as amended, or any arrangement or combination thereof, whether or not including a trade mark registered under either of those Acts.”

(2) In Section 4 (2) of the Merchandise Marks Act, after clause (b), add the following :

“ or (c) being the name or initials of a fictitious person or of some person not *bona fide* carrying on business in connection with such goods.”

4. For Section 18 (e) of the Sea Customs Act, substitute the following :—

“ (e) goods made or produced beyond the limits of British India and having applied thereto any name or trade mark being, or purporting to be, the name or trade mark of any person who is a manufacturer, dealer or trader in British India, unless—

- (i) the name or trade mark is, as to every application thereof, accompanied by a definite indication of the goods having been made or produced in a place beyond the limits of British India, and
- (ii) the country in which that place is situated is in that indication indicated in the English language in letters as large and conspicuous as any letter in the name or trade mark.”

5. For Section 19-A. (3) of the Sea Customs Act, substitute the following :—

“ (3) where there is on any goods a name which is identical with, or a colourable imitation of, the name of a place in the United Kingdom, British India or British Burma, that name, unless accompanied in equally large and conspicuous letters, in the English language, by the name of the country in which such place is situate, shall be treated for the purposes of Sections 18 and 19 as if it were the name of a place in the United Kingdom, British India or British Burma, respectively.”

6. (1) After Section 12 of the Merchandise Marks Act, insert the following heading and section :—

“ *Power to require goods to show indication of origin.*”

“ 12-A. (1) The Central Government may, by notification in the Official Gazette, require that to goods of any class specified therein, which are made or produced beyond the limits of British India and brought into British India whether by land or by sea, there shall be applied an indication of the country or place in which they were made or produced.”

“ (2) The notification shall specify—

- (a) the form of the indication which shall be applied to the goods ;
- (b) the manner in which the indication shall be so applied ;
- (c) the time at or occasion on which the indication shall be applied, and in particular whether it shall be applied at importation only, or also on sale of the goods, or any specified description of the goods, whether by wholesale or retail, in British India ; and
- (d) the date on which the indication shall come into force (not being a date earlier than three months from the date of the notification).

Provided that in cases where it is not deemed expedient that the indication should be applied to the goods themselves, the notification may specify any other manner in which the country of origin of the goods shall be indicated.

(3) Such notification shall not be made—

- (a) unless an application that it be made has been presented to the Central Government by a person or association substantially interested in the manufacture or production in British India of the class of goods to be specified ;
- (b) until after such inquiry as the Central Government may deem requisite ; and
- (c) until a draft of the notification has been published and dealt with in the manner prescribed in Section 23 of the General Clauses Act, 1897, as if it were a rule to be made subject to previous publication.

(4) Subject to compliance with such conditions as to security for re-exportation of the goods as the Chief Customs Officer may impose, a notification under this section shall not apply to goods imported for exportation after transit through British India or by way of transshipment or to goods declared on importation to be for re-exportation.”

(2) After clause (g) of Section 18 of the Sea Customs Act, insert the following clause :—

“(h) goods which have been required by a notification under Section 12-A of the Indian Merchandise Marks Act, 1889, to have applied to them an indication of the country or place in which they were made or produced, unless such goods show such indication applied in the manner specified in the notification.”

(3) For Section 7 of the Merchandise Marks Act, substitute the following :

“7. If a person sells, or exposes or has in possession for sale or any purpose of trade or manufacture, any goods or things to which a false trade description is applied, or which being required by a notification made under Section 12-A (2) of this Act to be marked in a specified manner with an indication of their country or place of origin at the time of their sale, either by wholesale or retail, in British India, are not so marked, he shall, unless he proves—

- (a) that, having taken all reasonable precautions against committing an offence against this section, he had at the time of the commission of the alleged offence no reason to suspect the genuineness of the trade description, or that any offence against this section had been committed in respect of the goods ; and
- (b) that, on demand made by or on behalf of the prosecutor, he gave all the information in his power with respect to the persons from whom he obtained such goods or things, or
- (c) that otherwise he had acted innocently,

be punished with imprisonment for a term which may extend to three months or with fine which may extend to two hundred rupees, and in case of a second or subsequent conviction with imprisonment which may extend to one year, or with fine, or with both.”

7. (1) For Section 18 (f) (i) and (ii) of the Sea Customs Act, substitute the following :

“18 (f) piecegoods, such as are ordinarily sold by length or by the piece, which—

- (i) have not conspicuously stamped in English numerals on each piece the length and width thereof in standard yards, or in standard yards and a fraction of such a yard, or in inches, according to the real length and width of the piece ;
- (ii) have not been conspicuously marked at reasonable lengths on each piece with the name of the manufacturer or wholesale purchaser in India of the piece ; and ”

(2) Renumber sub-sections (ii) and (iii) of Section 18 (f) (i) of the Sea Customs Act as sub-sections (iii) and (iv), respectively.

8. After clause (h) of Section 18 of the Sea Customs Act, insert the following clause :

“(i) cotton yarn such as is ordinarily sold in bundles, which

(i) has not been conspicuously marked with an indication as to the weight of each bundle, and the count of the yarn contained in the bundle and

(ii) has been manufactured beyond the limits of India, or

(iii) having been manufactured within those limits has been manufactured beyond the limits of British India in premises which, if they were in British India, would be a factory as defined in the Indian Factories Act, 1881.”

9. (1) For the present heading of Section 12 of the Merchandise Marks Act, substitute the following :

“Stamping of length, etc., on piecegoods, and cotton yarn manufactured in British India.”

(2) For Section 12, substitute the following :

“12 (1) piecegoods such as are ordinarily sold by length or by the piece, which have been manufactured in premises which are a factory as defined in the Indian Factories Act, 1881, shall not be removed from those premises without having conspicuously stamped in English numerals on each piece the length and width thereof in standard yards, or in standard yards and a fraction of such a yard, or in inches, according to the real length and width of the piece, and without being conspicuously marked at reasonable lengths on each piece with the name of the manufacturer or wholesale purchaser in India of the piece.”

“(2) cotton yarn such as is ordinarily sold in bundles which has been manufactured in premises which are a factory as defined in the Indian Factories Act, 1881, shall not be removed from those premises without being conspicuously marked with an indication as to the weight of each bundle and the count of the yarn contained in the bundle.

(3) If any person removes or attempts to remove from any such premises any such piecegoods without the length and width of each piece and the name of the manufacturer or purchaser of each piece being stamped in the manner mentioned in sub-section (1), or any such cotton yarn without any indication as to weight or count of the yarn being marked on the bundle in the manner mentioned in sub-section (2), every such piece and every such bundle of yarn, and every thing used for the packing or removal thereof, shall be forfeited to His Majesty, and such person shall be punished with fine which may extend to one thousand rupees.”

Copy of letter No. 3784/207, dated the 13th September, 1938, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department, Bombay.

I am directed to acknowledge the receipt of your letter No. G.R.P. and S.D. No. 1644/34, dated the 21st July 1938, in which you invite my Committee to express an opinion on certain proposals for the amendment of the Indian Merchandise Marks Act and the Indian Sea Customs Act, submitted by Mr. R. K. Nehru, I.C.S. The draft amendments incorporated in Part II of Mr. Nehru's report have been carefully considered by my Committee, and I set forth below their views on certain Clauses of the Bill, which, in their opinion, require amendment.

Clause 2.—This Clause seeks to bring within the scope of Section 478 of the Indian Penal Code, trade marks registered in the United Kingdom and trade marks which either with or without registration are protected by law in any British possession or foreign State to which the provisions of Section 58 of the Indian Trade Marks Act are applicable. The proposed amendment of Section 478 of the Indian Penal Code very much depends upon whether India is at present prepared to enter into any reciprocal arrangement with the United Kingdom or other foreign countries for the protection of trade marks. In their representation on the Trade Marks Registration Bill, the Committee of the Association made the following observations in regard to Clause 58 :—

“ My Committee would prefer this Clause to be deleted for the present. They feel that the Clause, as drafted, pre-supposes the existence of a Trade Marks Register in India, but none actually exists. After the lapse of, say, 10 years, when the position in regard to the existing trade marks has been straightened out, some such Clause might be inserted in the Statute.”

This view, it is understood, has been endorsed by a number of industrial and commercial organizations in the country who were consulted on the Bill, and it is, therefore, very doubtful whether Clause 58, as it stands at present, will be passed into law. In the circumstances, my Committee would like to reserve their criticism of Clause 2 of this Bill till Clause 58 of the Trade Marks Bill has been disposed of by the Legislature. In any event, if when the Trade Marks Bill is discussed in the Legislature, it is decided to delete Clause 58 from the measure, then it would be necessary to bring only trade marks registered in India within the scope of Section 478 of the Indian Penal Code. Trade marks not so registered but used in India, irrespective of their country of origin, would continue to be protected under the proposed Section 4(1), and the penalty for the infringement of these marks has been laid down in Section 6 of the Merchandise Marks Act.

Clause 3(1).—The amendment seeks to extend the scope of Section 4(1) of the Indian Merchandise Marks Act to “ trade marks not registered under the Indian Trade Marks Act or the United Kingdom Trade Marks Act of 1905, as amended.” My Committee have already pointed out that Section 478 (*vide* Clause 2) should cover only trade marks registered in India under the Indian Trade Marks Act ; it is, therefore, logical that Section 4(1) of the Merchandise Marks Act should cover trade marks used in India but not registered in India, irrespective of their country of origin.

Clause 6.—This Clause empowers Government, by notification in the Gazette, to require the country of origin to be stamped on particular classes of goods imported into British India. It also empowers Government to prescribe the form of the indication which shall be applied to the goods ; the manner in which the indication shall be so applied ; the time at or occasion on which the indication shall be applied ; and in particular whether it shall be applied at importation only or also on sale of goods, whether by wholesale or retail, in British India. It is further proposed that any notification issued by Government shall come into force only on the expiry of three months from the date of the notification. No notification would be issued by Government unless an application has been presented “ by a person or association substantially interested ” in the manufacture or production of similar goods in British India. My Committee have no objection to the principle underlying these amendments, but they wish to point out :—

- (1) Cotton, silk, artificial silk, woollen and staple fibre goods imported into India from the commencement of the Act should bear an indication as to the country of origin on the goods themselves in the case of piecegoods or on the packages in which they are made up for retail sale in the case of yarn. In other words, a notification to this effect should be issued by Government as contemplated in proposed Section 12-A(1) without observing the formalities laid down in proposed Section 12-A(2) and 12-A(3).
- (2) The object underlying the requirement regarding the stamping of the country of origin is to prevent goods of foreign origin being passed off as Indian, and this cannot be effectively achieved if it is not possible to secure relief the moment

an Indian manufacturer or Government detect that imported goods with no indication of their country of origin are being sold as Indian. It is conceivable that even when such detection has taken place, large quantities of imported goods had already been landed in this country and gone into consumption, and in these circumstances, further delay in getting relief might result in serious losses to the indigenous industry before any notification issues. It is, therefore, felt that Government should, in exceptional cases, be empowered to complete the formalities connected with the issue of the notification as expeditiously as possible, or to waive them if, in their opinion, it is desirable to do so.

Clause 7 of the Bill seeks to amend Section 18(f)(i) and (ii) of the Sea Customs Act. The net effect of the amendment would be that the importation of piecegoods such as are sold by the length or by the piece in British India would be illegal unless (i) the real length and width of the piece, and (ii) the name of the manufacturer or wholesale purchaser in India of the piece were stamped on each piece. The only comment which my Committee wish to make on this Clause which concerns importers is that the requirements regarding the stamping of width might lead to practical difficulties ; but Clause 9, which requires the stamping of similar particulars on piecegoods manufactured in British Indian mills, requires amendment in one or two respects. This Clause requires the following particulars to be stamped on piecegoods such as are ordinarily sold by length or by the piece manufactured in British Indian mills :—

- (i) Real length of the piece in yards and inches ;
- (ii) Real width of the piece in inches ; and
- (iii) The name of the manufacturer or wholesale purchaser of the piece in India
“ at reasonable lengths ” on each piece.

Section 12 of the Indian Merchandise Marks Act at present requires only the stamping of the length in yards and inches, and the amendment now seeks to compel the stamping of width and the name of the manufacturer or wholesale purchaser in India on each piece. My Committee strongly feel that the stamping of width should not be insisted upon for the reason that it would create several difficulties of a practical character. In many types of goods the width varies considerably in the same piece. It is true that tolerances have been provided in the Manual, but in order to be within these tolerances, every piece of cloth manufactured would have to be measured at intervals in the piece and stamping would have to be done not only in inches but in fractions of an inch. Another point to be remembered is that it is only the retailer who needs to be protected in regard to width, the wholesale merchant being covered by his contract of purchase, and the retailer is at the time of making the purchase fully able to protect himself by actually measuring the width of the cloth to ascertain whether it suits his requirements.

As regards the stamping of the name of the manufacturer or wholesale purchaser in India on the piece, my Committee have no objection to the proposal, but they are by no means clear as to what is meant by the term “ at reasonable lengths ” on each piece. If it is intended that the name of the manufacturer should be stamped at reasonable intervals on the piece, then my Committee would strongly oppose it for the following reasons :—

- (1) such stamping might damage the appearance of the piece resulting in a deterioration of its value ;
- (2) it would certainly increase the folding and stamping charges ; and
- (3) it would necessitate considerable expenditure in the installation of automatic stamping machinery.

My Committee fail to see what advantages would accrue from the stamping of the name of the manufacturer at fixed intervals on the piece. They are aware that the name of the manufacturer is stamped on the selvedge in the case of certain highly finished goods, but this procedure is being adopted to prevent substitution in the retail trade, but it would be an unwarranted imposition to insist on such stamping on all goods owing to the expense

and practical difficulties involved. In the circumstances, it is felt that it would be sufficient if the name of the manufacturer or wholesale purchaser in India were stamped on the face plait only. In the case of piecegoods made up in paper wrappers, however, it is felt that the name of the manufacturer or wholesale purchaser of the piece should be stamped on the wrapper as well as on the piece.

The application of Section 18 of the Sea Customs Act and Section 12 of the Indian Merchandise Marks Act has been limited to piecegoods "such as are ordinarily sold by length or by the piece," and Notification No. 1430, dated 6th April 1891, as subsequently amended, gives an indication as to precisely what types of fabrics would come within the scope of the expression "piecegoods." The Notification referred to also sets forth the names of fabrics which would not be deemed to be piecegoods for the purpose of Section 12 of the Indian Merchandise Marks Act or Section 18 of the Sea Customs Act. This list appears to be out of date, and should be carefully revised, as it contains items which should be treated as piecegoods and stamped as laid down in Section 12 of the Indian Merchandise Marks Act or Section 18 of the Sea Customs Act.

Clause 8.—Clause 8 seeks to amend Section 18 of the Sea Customs Act, and prohibits the importation of cotton yarn such as is ordinarily sold in bundles, which has not been conspicuously marked with an indication as to the weight of each bundle and the count of yarn contained in the bundle. My Committee do not wish to make any observations on this Section as it concerns importers, but they wish to add that the name of the manufacturer or wholesale distributor in India should be stamped on the bundle as in the case of cotton piecegoods. The application of the requirement regarding stamping of weight and count on all classes of yarn, irrespective of whether they are grey, bleached or coloured, would give rise to certain practical difficulties, but this matter has been dealt with in full in my Committee's observations on Clause 9(2).

Clause 9(2).—Proposed Section 12(2) lays down that in future cotton yarn such as is ordinarily sold in bundles shall not be removed from mill premises in British India without being conspicuously marked with an indication as to the weight of each bundle and the count of yarn contained in the bundle. My Committee feel that the Clause should be amended so as to provide for the name of the manufacturer or wholesale purchaser in India to be stamped on the bundle. It may be noted that a reciprocal provision has been suggested in the case of imported yarns.

The requirements laid down in the Section regarding the marking of the weight and count are very vague. It is, for instance, not clear whether the weight to be stamped on the bundle relates to the net weight of yarn in the bundle or the gross weight of the bundle. The Clause, as it stands, also fails to take into consideration and provide for the actual practice obtaining in the yarn trade. In this connection, attention is directed to the representation submitted by the Association to the Government of India on 1st April 1938. Briefly stated, the suggestions then made by the Association were :—

- (a) Count of yarn and net weight of yarn in the bundle should be stamped on *grey and bleached yarn bundles only* other than yarns made wholly from waste marketed in India.
- (b) A trade description of count applied to a bundle of dyed cotton yarn is at present accepted as indicating length only. This practice should continue, and it should not be necessary for the weight of bundle to be stamped on dyed cotton yarn bundles.
- (c) The marking of *grey* count should be made compulsory on bleached yarn bundles with a 10 per cent. tolerance between the stamped grey count and the real count of yarn in the bleached state.
- (d) Similarly, the weight of yarn stamped on a bleached yarn bundle should be the grey weight of the yarn contained in the bundle.

It was also pointed out that the existing scale of tolerances were inadequate, but as this is a matter to be provided for in the Manual rather than in the Act, no detailed reference to the precise suggestions made by the Association appears to be necessary at this juncture, but it must be pointed out that the Association's approval of Government's proposals for compulsory stamping of weight, count, etc., are subject to Government's acceptance of our case for increased tolerances, etc.

Taking the Bill as a whole, my Committee find that there are two or three matters for which no adequate provision has been made. The first point arises from the proposed requirements regarding the stamping of the country of origin on imported goods, and it is thought that it should be laid down in the Act that any attempt to tamper with or deface a stamping made in accordance with the notification issued under Section 12-A(1) or with a stamping made in accordance with Section 12 or Section 18(f) would be a criminal offence, and proper penalties should be prescribed therefor.

My Committee also consider it extremely desirable that the provisions of the amending Act should be made applicable to Indian States to ensure that the requirements regarding the stamping of the length of the piece, name of the manufacturer, etc., are also observed by factories situated in the States. The requirements regarding the stamping of the country of origin should also be made applicable to goods imported direct into an Indian State in order to prevent such goods being subsequently stamped and sold in British India as "Made in..... State." It should not be difficult to persuade the States to toe the line in these matters if they were reminded of the fact that no goods could be brought into British India, by land or sea, unless the particulars required by Section 18(f) were stamped on the goods, which might result in goods produced in the State and not stamped as required in the Bill being refused entry into British India.

APPENDIX 7.

FRAUDULENT TRADE DESCRIPTIONS ON YARN BUNDLES.

Copy of letter No. 1637/114, dated the 1st April, 1938, from the Association to the Secretary to the Government of India, Department of Industries, New Delhi.

I am directed by the Committee of the Millowners' Association, Bombay, to address you on a matter of considerable importance to the cotton yarn trade of India.

Towards the end of 1936, certain complaints were received by the Association from members in which it was alleged that cotton yarn with incorrect, incomplete and misleading trade descriptions were being sold in various important yarn markets, and that, in certain cases, no trade descriptions were applied or that they were extremely illegible. This was followed up by the Association, and samples secured from various markets were subsequently tested out at the Technological Laboratory at Matunga with a view to ascertain, firstly, the precise margin between the *stamped* count, weight of bundles, etc., and the *actual* count, weight of bundle, etc., and secondly, whether the discrepancy between the stamped and real particulars was within the scale of permissible variations laid down in the Indian Merchandise Marks Manual for cotton yarn. The results of the Laboratory tests were very carefully analysed by my Committee, and in brief, they found that the complaints were justified as there were cases in which the tolerances laid down in the Manual had been exceeded.

My Committee have consistently set their face against all forms of fraudulent practices in the textile trade, as such practices cannot fail to penalise the conscientious manufacturer, who stamps correct trade descriptions on his goods in competition with those whose goods bear fraudulent trade descriptions, and ultimately drive him to adopt the same tactics as his competitor, thus resulting in the gradual loss of reputation of Indian mill-made yarn in the home market. They are, therefore, strongly of the opinion that the position should be

set right immediately. With this object in view, they suggest that the Indian Merchandise Marks Act should be amended to provide for (a) the count of yarn ; and (b) the net weight in lbs. of the yarn in the bundle being stamped on all grey and bleached yarn bundles other than yarns made wholly from waste marketed in India. (Note :—A trade description of count applied to a bundle of dyed cotton yarn is at present accepted as indicating length only, and it is suggested that this practice might continue.)

In the course of their examination of the problem, my Committee were informed that though the trade descriptions stamped on certain yarn bundles were “false” within the meaning of the Act inasmuch as the permissible variation between the *actual* weight, count, etc., and the *stamped* weight, count, etc., exceeded the limit laid down in the Manual, there was perhaps no intention to defraud and that the difficulty was the inadequacy of the scale of tolerances at present provided. This point was taken up by my Committee with member mills producing large quantities of yarn for sale, and after careful consideration of the views expressed, my Committee feel that a very strong case exists for a modification of the allowances laid down in the Manual in the following directions :—

VARIATION IN COUNTS.

According to the Indian Merchandise Marks Manual, in the case of *grey or bleached cotton yarn*, the prescribed count or number shall not be greater or less than the actual count or number by more than 5 per cent. The Manual further provides that the average count of the whole of the yarn “in question” shall not be greater or less than the described count. It might also be pointed out that it is open to the importer or manufacturer, if he is not satisfied with the result of one test, to require a further examination to be made from further samples drawn from the consignment up to a limit of one bundle for every 100 bales or fraction thereof. It is, therefore, possible that under the present arrangements, the average count of the whole yarn in question may be the average representing the results of tests made on more than one bundle.

The present provisions of the Manual appear to be unsatisfactory for the reason that, as pointed out to my Committee, it is very difficult to bring about any definite relationship between the average count of the yarn “in question” and the actual stamped count on each bundle. In the circumstances, they suggest that the proviso requiring the average count of the whole yarn in question being not greater or less than the prescribed count at present inserted in the Manual should be dropped, and that instead, a new provision prescribing the unit of test as a bundle and allowing a tolerance of 5 per cent. between the average count of the yarn in the bundle and the stamped count should be inserted, the count being estimated in true condition, that is to say, with a normal moisture content of $8\frac{1}{2}$ per cent.

As regards *bleached yarn*, my Committee consider that the marking of grey count should be made compulsory and a 10 per cent. variation in counts should be permitted with the bundle as the unit of test.

As regards *coloured yarn*, my Committee have already stated in a previous paragraph that the only compulsory provision should be in respect of hank length and they, therefore, suggest that a trade description of count or number applied to a bundle of dyed yarn should, as at present, be accepted as indicating hank length only.

WEIGHT OF BUNDLE.

The Indian Merchandise Marks Manual does not prescribe any definite standards (although a 10 lb. bundle is referred to) with the result that it is at present permissible to market yarn bundles of any weight according to the requirements of the consumer. The issues before my Committee, therefore, in this connection were :—

- (a) whether any definite standard weight of bundle should be prescribed, and
- (b) whether, and if so, what variations should be permitted between the stamped weight and the actual weight of yarn in the bundle,

As regards (a), my Committee were impressed with the suggestion that yarn bundles should be standardised at 5 lbs. or 10 lbs. They were, at the same time, aware that there is a demand in certain markets for lower or higher denominations, and they, therefore, propose that if their suggestion for a standard weight of 5 or 10 lbs. per bundle is not acceptable, then Government should recognise the following variations between the stamped weight and the actual weight of yarn in the bundle in true condition, i.e., with $8\frac{1}{2}$ per cent. moisture content :—

On counts 16s and above—One ounce on bundles not exceeding 5 lbs. in weight, and two ounces on bundles exceeding 5 lbs. in weight.

On counts below 16s—Two ozs. on bundles not exceeding 5 lbs. in weight, and four ozs. on bundles exceeding 5 lbs. in weight.

As regards *bleached yarn*, my Committee understand that the customary practice where weight is stamped is to stamp the grey weight, and as weight is lost in bleaching, a much greater variation would have to be permitted than in the case of grey yarn. It is, therefore, suggested that the grey weight should be stamped on bleached yarn bundles and that the variations in weight per bundle should not exceed the present allowances which are as under :—

10 per cent. in counts up to 24s ;

$8\frac{1}{2}$ per cent. in counts from 25s to 40s ;

$7\frac{1}{2}$ per cent. in counts of 41s and upwards.

As regards *coloured yarn*, the problem is complicated by the fact that in certain types of coloured yarn, bleaching and dyeing processes reduce weight ; in others, bleaching reduces the weight, but this is more than made up in the subsequent dyeing and weighting processes, e.g., Turkey Red Yarn. The majority of mills, whom my Committee consulted, also consider that the compulsory provisions in respect of coloured yarn should only cover hank length and no recommendations in regard to the stamping of weight for this type of yarn have, therefore, been made.

HANK LENGTH.

The Manual at present lays down that in a bundle of grey or bleached yarn, the average length of the whole number of single hanks shall not be less than 840 or 819 yards in the case of single hanks and 1,680 or 1,638 yards in the case of double hanks. The majority of mills are of opinion that an average hank length of 840 yards per bundle could be worked up to, but my Committee feel that a small tolerance in regard to average hank length is necessary, considering that it is the bundle which is the unit of test and that nearly all reeling in India is hand-reeling. In the circumstances, they suggest a tolerance, in regard to average length, of 10 yards per single hank and 20 yards per double hank, that is to say, an average of not less than 830 yards for single hanks and 1,660 yards for double hanks in *grey yarn*.

In the case of *bleached yarn*, the tolerance would have to be greater than in the case of grey because of the contraction of the length in the bleaching process and unless, of course, long reeling was adopted for the grey yarn. It is, therefore, suggested that the average hank length now laid down for bleached yarn be reduced by 10 yards, that is to say, from 819 to 809.

NUMBER OF KNOTS IN THE BUNDLE.

In regard to the number of knots per bundle, the weakness of the Manual is that the conditions apply in the case of bundles marked 5 lbs. or 10 lbs. The ideas underlying the Manual are sound, and should apply to whatever weight is marked on the bundle ; in other words, the number of knots should, it is thought, be in true relationship to the count, but my Committee feel that it is not perhaps essential to insist on this condition if correct weight and count are to be stamped on the bundle.

The above recommendations, it ought to be pointed out, do not cover folded or cable yarn, and in the absence of sufficient experience with these types of yarn, my Committee do not feel competent to make any recommendations in regard thereto.

My Committee would place themselves at the disposal of Government and would, if necessary, be glad to submit any further data which may be required by Government in connection with the matters dealt with in this representation.

APPENDIX 8.

INDIAN STORES DEPARTMENT SPECIFICATION FOR GREY COTTON YARN.

Copy of letter No. 1967/116-A, dated the 27th April, 1938, from the Association to the Chief Controller of Stores, Indian Stores Department, New Delhi.

The Agents of the Modern Mills, Bombay, have supplied my Association with copies of certain correspondence which has passed between the Manager of the Modern Mills and your Department regarding the interpretation of the Schedule attached to the Specification in so far as it applies to the permissible variations in counts. From that correspondence, it would appear that in yarns upto and including 20s it would be permissible for the Stores Department to reject the whole of a consignment of yarn tendered against a contract for say, 20s, if even a single lea out of that consignment on test was found to be either less than $19\frac{1}{2}$ s count or more than $20\frac{1}{2}$ s count. Had the interpretation put upon the Schedule by your Department been that it would be permissible to reject a consignment of 20s if the average count of the consignment was less than $19\frac{1}{2}$ s or more than $20\frac{1}{2}$ s, no objection could have been raised, but my Committee, who have considered this matter very closely, agree with the Modern Mills that it would be utterly impossible owing to variations in climatic and other conditions which exist from day to day while yarn is being spun, for any mill to guarantee that every single lea of 20s yarn in a consignment would be within the limits stated in the Specification. My Committee wish to suggest that the interpretation of the Schedule attached to the Specification should be modified and that in future rejection by the Stores Department should only be possible if the average count of a consignment taken out in accordance with the procedure specified in the Merchandise Marks Manual was more than half a count higher or lower than the nominal count in the case of yarns upto 20s and more than one count higher or lower than the nominal count in the case of yarns over 20s.

Copy of letter No. I-46/244, dated the 24th August, 1938, from the Chief Controller of Stores, Indian Stores Department, to the Association.

With reference to your letter No. 3392/116-A of 1938, dated the 16th August, 1938,* I write to inform you that the revision of the above mentioned specification is under consideration and the revised draft specification will be sent to you for comments in due course.

Copy of letter No. I-46/244, dated the 20th September, 1938, from the Chief Controller of Stores, Indian Stores Department, to the Association.

With reference to your letter No. 1967/116, of 1938, dated the 27th April 1938, and in continuation of this office letter No. I-46/244, dated the 24th August 1938, I enclose herewith two copies of the above-mentioned draft specification for favour of your comments, if any, at an early date.

Copy of draft of Government of India, Indian Stores Department, Standard Specification for Yarn, Cotton, Grey.

This Specification is issued under the fixed No. G/Tex. C-24. Each revision is indicated by a letter added after the specification number. This letter is advanced alphabetically at each revision.

* Not printed.

1. *Single Yarn.*—Single yarn shall be clean, free from neps (natural and mill), snarls, snicks, slubs and other defects and shall be well and evenly spun and give in a normal humid atmosphere the breaking strength shown in the schedule.

2. *Doubled Yarn.*—Doubled yarn shall be properly twisted from yarn conforming to the preceding clauses, and be free from cork-screw yarn, singles, or other defects.

3. *Reeling.*—The yarn shall be straight or cross reeled into hanks. If straight reeled, each hank of single yarn shall be divided by coloured or grey tie bands into 7 leas of 120 yards each. The ends of each hank shall be tied to the tie-band.

All broken ends shall be properly pieced. There shall be no loose ends in a hank ; if the yarn is badly reeled, it shall be rejected.

4. *Tolerances.*—An up and down maximum deviation of 5 per cent. in counts and strength, based on an average resultant test of 20 readings and of 10 per cent. for individual readings, is permissible.

5. *Marking and Packing.*—Hanks shall be made into knots and pressed into bundles. A bundle shall weigh either 10 lbs. or 5 lbs. as stipulated.

Each bundle shall be properly tied with thick white cotton twine and wrapped in good quality of brown paper. The count of yarn shall be stamped on the wrappers. Bundles shall be generally baled in 400 lbs. lots unless otherwise stipulated.

Schedule to Specification No. G/Tex. C-24-E.

Minimum breaking strength of a lea of 120 yards at a relative humidity of 65 per cent.

Single yarn.		Double yarn.	
Counts.	Strength in pounds.	Counts.	Strength in pounds.
2s	120	2 ply 6s	300
4s	125	3 ply 6s	450
6s	120	2 ply 10s	225
8s	100	4 ply 10s	450
10s	90	5 ply 10s	500
12s	75	6 ply 10s	550
14s	70	6 ply 8s	650
16s	65	..	..
18s	60	5 ply 10s	..
20s	55	untwisted.	350
30s	45	2 ply 20s	140
40s	38	twisted.	..
6s	180	..	..
12s	100	..	..
20s	70	..	..

N.B.—If the yarn is overtwisted, i.e., shows a tendency to kink or curl up when held loose under normal dry condition, it shall be rejected.

Copy of letter No. 4617/116-A, dated the 10th November, 1938, from the Association to the Chief Controller of Stores, Indian Stores Department, New Delhi.

I am directed to acknowledge the receipt of your letter No. I-46/244, dated the 20th September, 1938, with which was enclosed a draft specification for grey cotton yarn on which the comments of the Association were desired. I regret there has been some delay in replying to your letter, but this has been due to the fact that it was considered necessary to refer it to an Expert Sub-Committee of Mill Technicians and their deliberations naturally took some time. I append* the wording of a specification, which, the Expert Sub-Committee consider, would be appropriate, and I might add that their recommendations have been approved by the General Committee of my Association. It will be noted that the changes made are of a very minor character. It was pointed out in the course of the Expert Committee's discussions that it is not possible to produce a yarn under the varying conditions which exist from day to day in the mill, which is entirely free from neps, and it is for this reason that the word "generally" has been inserted in the first item of the specification. Similarly, in item 2, the word "generally" has been inserted before the word "free" for the same reasons. In the last sentence of item 3 of the specification, the word "All" has been deleted before the word "broken." This would bring the clause more in conformity with the clause in the old specification and more in line with practical possibilities. The slight alteration in item 4 has been inserted to make the meaning clearer.

My Committee trust that the modifications which have been suggested in the specification will be accepted.

APPENDIX 9.

REGISTRATION OF DESIGNS UNDER THE INDIAN PATENTS AND DESIGNS ACT.

Copy of letter No. 4340/188, dated the 17th November, 1937, from the Association to the Secretary to the Government of India, Department of Industries and Labour, New Delhi.

The attention of my Committee was recently drawn to a circular issued by Messrs. Sham Dass Kapur & Co., Amritsar, in which are reproduced four designs recently registered by them in Calcutta under the Indian Patents and Designs Act apparently for use on cotton piecegoods. Copies of the circular have probably been sent to all mills in India with a warning that infringements will be dealt with as provided for by law. From the information at our disposal it is clear that the designs registered are by no means original and in certain cases the same or identical designs have been regularly used by our members for several years prior to their registration by the firm referred to. Yet, registration under the Indian Patents and Designs Act *ipso facto* confers on Messrs. Sham Dass Kapur & Co., an unassailable right to use the designs as against the other users. My Committee are aware that in such cases the law provides a remedy to the aggrieved parties to secure cancellation of registration in certain instances, but the position is still very unsatisfactory, as it involves costly proceedings. As Government are aware, very little publicity is at present given to applications for registration of designs, and at any rate, in the absence of coloured reproductions of designs which were sought to be registered, it is impossible to ascertain precisely what is sought to be registered or what has been actually registered, thus leading to :—

- (a) inadvertent infringements of textile designs ; and
- (b) registration of designs, which are the common property of the trade, as the exclusive property of one manufacturer when there are probably many manufacturers who have been using the same design for a longer period than the former.

*Not printed.

The invocation of the penal provisions of the law on behalf of the registered proprietor of a design when there are other users as well would be unfair in the case of (a) and decidedly unjust in the case of (b). This matter has been very carefully considered by my Committee, and they strongly feel that there exists a very good case for thoroughly overhauling the procedure at present adopted in the registration of designs. Any effective scheme of registration of textile designs should, in the opinion of my Committee, provide for :—

- (i) wide publicity and advertisement of the designs submitted for registration. In this connection, attention is invited to the Trade Marks Journal issued by the Board of Trade, United Kingdom;
- (ii) reasonable facilities for inspection of designs by interested parties ;
- (iii) a reasonable interval between publicity and actual registration of the designs to facilitate the submission of objections ; and
- (iv) institution of prompt and effective means of disposing of objections.

The above proposals are, of course, in their broad outline, but my Committee would be very pleased to go further into the question of evolving a separate system of registration of textile designs if Government so desire.

Copy of letter No. 53(2)-Tr. (P. & D.)/38, dated the 2nd March, 1938, from the Government of India, Department of Commerce, New Delhi, to the Association.

With reference to your letter No. 4340/188, dated the 17th November 1937, I am directed to observe that the representation made by the Millowners' Association, Bombay, appears to be based on a misapprehension, namely, that the designs referred to were registered under the Indian Patents and Designs Act, 1911. The Government of India understand that the registration number 1261 of 1937, quoted in the warning notice accompanying your letter under reference, does not relate to a design registered under the Indian Patents and Designs Act, but to a registration effected under the Indian Registration Act, 1908, with the Registrar of Assurances, Calcutta. In this connection, I am to remark that designs *per se* cannot be registered under the Indian Registration Act, which makes provision for the registration of documents only and does not vest in the registrant of such documents any copyright in respect of designs mentioned therein.

2. With regard to the Association's suggestion for overhauling the procedure at present adopted in the registration of designs, I am to observe that the procedure suggested by the Association is analogous to that which obtains in the United Kingdom for the registration of " trade marks," and not to that which obtains there for the registration of " designs." So far as the registration of designs is concerned, the existing provisions of the Indian Patents and Designs Act follow closely the provisions of the English Act on the subject. Neither of the Acts makes any provision for publishing a design before registration, and in these circumstances the Government of India do not consider that there exists a case for overhauling the present procedure for the registration of designs.

3. As regards the Association's observation that the remedy at present available to aggrieved parties for securing cancellation of registration in certain instances involves costly proceedings (c.f. section 51A of the Indian Patents and Designs Act), I am to say that the matter has been noted for consideration in connection with the amendment of the Act.

Copy of letter No. 1916/97, dated the 22nd April, 1938, from the Association, to the Deputy Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 53(2)-Tr. (P. & D.)/38, dated the 2nd March 1938. I have to thank you for making it clear that the registration effected by Messrs. Sham Dass Kapur & Company was not under the Patents and Designs

Act but was merely a declaration of ownership made under the Indian Registration Act, and that such registration did not give to Messrs. Sham Dass Kapur and Company any copyright in the designs referred to in the document.

My Committee note that Government do not consider there exists a case for overhauling the procedure for the registration of designs. If this is so, then, it is the considered view of my Committee that registration of textile designs under a separate Act is both necessary and desirable in order to protect fully the interests of the Trade. Until recently, the number of textile designs registered under the Patents and Designs Act was comparatively small, but in view of the prospective development of the Machine Printing Industry in this country, it may confidently be expected that manufacturers will, in future, be anxious to protect their exclusive property rights in designs which they have already introduced or may place on the market in future. In the view of my Association, the legislation should be so framed as to provide a cheap, effective and speedy means of registration, and equally effective redress against imitations of registered or established designs. One of the first essentials of such legislation would be that, as in the case of trade marks, application for registration of designs should be accompanied by scale reproduction of the designs in black and white with adequate descriptions and should be circulated to the Trade before copyright was obtained.

My Committee feel that sufficient publicity to a textile design which is sought to be registered could be secured by publishing the particulars thereof in an official journal issued at regular intervals. Such publication, it is felt, should be followed by a reasonable 'waiting period' to enable the parties concerned to ascertain whether the proposed design is an infringement of their registered designs. This procedure is already followed in the case of trade marks in countries where trade mark registration exists, and there would appear to be no insuperable difficulties in following a similar procedure in the case of textile designs purporting to be new and original. The objects of such circulation would be :—

- (a) to ensure exclusive property rights in a design which is original ;
- (b) to protect owners of registered designs against imitations alleged to be original ;
and
- (c) to prevent the registration of designs as original which are already common to the Trade.

Other provisions which appear desirable in the separate enactment which we consider necessary are :—

- (1) Provision to ensure that a design is not registered unless :
 - (a) it is sufficiently distinctive in the sense that it was substantially new at the time when application for registration was made : and
 - (b) it bears substantial evidence of inventive skill.
- (2) Where deliberate infringement of designs, whether registered or not, has been proved, the law should permit of both civil and criminal action against the offender.
- (3) Provision to enable the Customs Authorities to detain importations of goods bearing infringements of registered designs.

My Committee have now set forth what, in their opinion, should be the most important features of a separate Act to deal with the registration of textile designs. It is quite possible that other commercial organisations in the country have certain suggestions to make. In the circumstances, my Committee would greatly appreciate it if Government would, after consulting other organisations, make available to this Association the views expressed by them to enable my Committee to go further into the matter.

Copy of letter No. 53(2)-Tr. (P. & D.)/38, dated the 27th September, 1938, from the Government of India, Department of Commerce, to the Association.

With reference to the correspondence ending with your letter No. 1916/97, dated the 22nd April 1938, I am directed to say that the Government of India have carefully considered the proposals of your Association for the enactment of separate legislation for the registration of textile designs. They are of opinion that under the existing provisions of the Indian Patents and Designs Act, 1911, the procedure for the registration of designs including textile designs is, on the whole, neither expensive nor slow. The existing law provides for the registration only of new or original designs and section 51A of the Indian Patents and Designs Act enables the presentation of a petition for the cancellation of the registration of a design on certain grounds. The statistical information for the last five years, however, shows that the number of petitions presented under section 51A is small and the number of successful petitions or the number of cases in which registration was held to be invalid by courts is smaller still. Nor do the Government of India consider that any legal protection should be accorded to unregistered designs. In these circumstances they are not convinced that a sufficient case exists for the separate legislation proposed.

2. As regards the suggestion made by your Association for the detention by the Customs authorities of imported goods bearing pirated designs, I am to enclose a copy of the Indian Patents and Designs (Amendment) Bill,* which is now under the consideration of the Legislature, and to invite a reference to clause 22 thereof.

APPENDIX 10.

POWER COSTS.

Copy of letter No. 461/41, dated the 1st February, 1938, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

I am directed to acknowledge the receipt of your letter* No. BH346/37, dated the 20th December 1937, in which you specify the extent to which you have been able to meet the suggestions made by the Association through their Sub-Committee for the amendment of the terms of the Revised Power Agreement originally framed by your Board, copies of which were forwarded to the Association as an accompaniment to your letter No. BH270/37, dated the 18th September 1937. Your letter has now been considered by my Committee who wish to draw the attention of your Board to the desirability of arriving at an early decision as to the extent to which mills, who are using hydro-electric power, might be permitted to generate their own power by means of Back Pressure Turbines. It is understood that an enquiry into this matter is being made in accordance with the arrangement arrived at when the Association's Sub-Committee met the representatives of the Hydro-Electric Agencies, Ltd., on October 26th, 1937.

My Committee also desire me to draw your Board's attention to the question of power charges which, in their view, should be substantially reduced in conformity with your Board's policy of progressive rate reduction as and when financial considerations permit. My Committee feel that the revenue anticipations of your Companies, in so far as the Cotton Mill Industry of Bombay is concerned, must have been considerably exceeded owing to the extent to which night shift has been and is being worked, and that for this, among other reasons, a reduction in rates is overdue. Possibly, your Board would be willing to supply my Sub-Committee with more detailed information on this subject than is at present easily available to them, and if this could be done, a further joint meeting might be held at an early date to consider this specific issue.

* Not printed.

The terms and conditions of the contract in so far as they are not affected by the considerations urged in the preceding paragraphs have been approved by my Committee, and member mills will be advised to accept them as the basis of their new agreements on the understanding that signatories will be given the benefit of any concessions in terms which may accrue as the result of any decisions by your Board, or from any joint consultations or negotiations which may take place between the Association and your Company in the future.

Copy of letter No. BH76/38, dated the 15th March, 1938, from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

We have reference to your letter No. 461/41, of the 1st ultimo, acknowledged by our letter of the 11th ultimo.

The question of the use of Back Pressure Turbines by the mills for generating a portion of their power requirements is still under study. We shall give you a definite decision just as soon as we are in a position to do so.

Our Board have noted your comments in respect of power rates. While they do not agree with the conclusions you have come to justifying a reduction in present rates, they would be glad to discuss the matter with your Sub-Committee. For this purpose, Sir Nowroji B. Saklatvala, K.B.E., C.I.E., Mr. A. E. Blair and the undersigned (Mr. J. Cussen) shall be pleased to call on your Sub-Committee at some mutually convenient time.

Copy of letter No. 1861/41, dated the 19th April, 1938, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

With reference to the discussions which took place on Wednesday, the 6th April 1938, and your suggestion that we should obtain some figures as to how many of our member mills would take advantage of a concession similar to that given to Messrs. Bombay Dyeing and Manufacturing Co., Ltd., in connection with the installation of Back Pressure Turbines.

It will not be possible for members to express an opinion of any value without first obtaining the views from reliable Turbine makers as to the particular mill's steam problems and thereafter obtaining correct estimates of the cost and the running cost of suitable Back Pressure Turbines. This being the case, we should be obliged if you would kindly confirm that the question which we are to put to our members is whether they would take advantage of the concession to generate their own power up to a maximum limit of such turbine as would permit of the bleeding of the actual maximum quantity of steam the mill is at present using in its process work.

If you will kindly confirm that this is the information required, we shall make the necessary enquiries immediately.

Copy of letter No. BH113/38, dated the 26th April, 1938, from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

We thank you for your letter No. 1861/41 of April 19th.

We regret that at the present time we are not in a position to indicate even in a general way that we would be able to make available to our textile mill consumers the concession to generate a portion of their power requirements through the use of a Back Pressure Turbine. We have agreed with you to give the matter our earnest consideration, and we wish to continue with our study in order that we may give you a definite answer as quickly as possible. We wish to make it clear, however, that while it may be possible to allow a concession upto a maximum of, say, 6 per cent. of the contract demand of each mill, we definitely cannot agree to the amount which would be involved as a result of the basis described in the second paragraph of your letter under reply.

We want you to appreciate our difficulty in this matter. On the one hand, you are asking us for a general reduction in rates. On the other hand, and at the same time, you are desirous of our making available to your members a concession which may substantially reduce our power sales to the textile mill industry. While this may result in substantially decreasing our revenues, it does not necessarily mean that corresponding benefits would be derived by your members. Generation of power through the use of a Back Pressure Turbine is accompanied by higher charges for fuel, wages, repairs, maintenance and stores, and also higher fixed charges due to additional capital investment necessary. Therefore, although the proposal may result in a reduction in the bill for electricity, the net benefit to your members would, in our opinion, be negligible.

Copy of letter No. 2203/41, dated the 18th May, 1938, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

The Power Costs Sub-Committee of the Association have recently been considering the mills which should be selected for the purpose of arriving at conclusions regarding the comparative costs of own power and purchased power. The suggestion mooted at the joint meeting was that three mills should be chosen with small, medium and high power loads and that guaranteed estimates should be called for from steam and power plant manufacturers for these three mills. The actual comparison to be made when the mills have been agreed upon will be the total cost of power plus process steam according to the guaranteed figures of boiler and power plant manufacturers and the total cost of purchased power plus process steam, for single and double shift operations. It has been suggested that the Textile Mill should be taken as an example of a large unit, the Simplex Mills as an example of a medium sized unit and the Swan Mills as an example of a small unit, and we should like you to let us know whether you approve of this selection.

We should also be glad if you would kindly inform us whether your Board have arrived at any conclusions on the case put forward by the Association for an immediate reduction in purchased power rates.

Copy of letter No. 2518/41, dated the 8th June, 1938, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

At the joint meeting of the 6th April between the representatives of your Board and the Power Costs Sub-Committee of this Association, you informed us that you could not see your way to draw conclusions from the joint tests which had been carried out in several mills which would support the Association's request for a reduction in rates.

In the opinion of our Committee, at least some of these tests did prove that with modern equipment mills can generate their power more cheaply than they can at present buy it.

The tests certainly proved most conclusively that it is far cheaper for a mill to produce its power and process steam from its own equipment than to purchase its power from the Power Companies while generating process steam separately. The arrangements of these tests and their completion occupied a period of well over a year, and if no conclusions can be drawn from the results, this period has been completely wasted from our point of view. At the April meeting, it was agreed that comparisons of costs should be made on a new basis and that if the results were favourable to "own" power, your Board would give our claim for a revision of rates immediate and serious consideration. The basis of the comparison was to be the cost of power and process steam in three mills with power loads of about 1,000 ; 2,000 and 3,000 KWA, respectively. Our request to your Board was and still is for some immediate measure of relief, possibly in the form of a cash discount, pending final conclusions in regard to comparative costs. In our opinion, such a discount should have retrospective effect if only on account of the extent by which the actual revenue from the mills during the past two years has exceeded the expectations on which your present rates

are based. When a new basis of cost comparison was agreed on at our joint meeting more than two months ago, our Committee, having in mind the fact that twelve months had already been wasted in making elaborate tests, only became reconciled to the prospect of further delay in the hope of an immediate discount and a very early solution of the relative costs question. At every recent meeting of our General Committee, growing dissatisfaction has been expressed at the failure to obtain any sort of relief and at our inability to give members any assurance of the new comparisons being completed within a reasonable space of time. In this connection, we would point out that on the 18th of May we submitted to you, for approval, the names of three member mills in which comparative costs of steam and power generation might be taken out. On May 26th, we received an acknowledgment of that letter together with the information that our suggestions will be placed before your Board. Another fortnight has now elapsed, and I am to ask you to request your Board to expedite their conclusions as regards immediate relief. There must, of course, be some delay in arriving at decisions on the question of comparative costs, but this delay could be shortened if a very early agreement can be arrived at in regard to the mills to be chosen.

Copy of letter No. BH151/38, dated the 10th June, 1938, from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

We have reference to your letter No. 2203/41 of May 18th acknowledged by our letter of May 26th.

Our Board is agreeable to the suggestion that estimates should be secured in order to arrive at figures showing cost of generation by means of steam turbines at the Textile, Simplex and Swan Mills. It is, of course, understood that all factors entering into the cost of power are to be included in the calculated costs. In the past we have found that many estimates are based on ideal operating conditions rather than the average operating conditions as they would be over the life of the plant.

In view of these tests and the uncertainty of the factors affecting the future of the Hydro Companies, our Board regret they are unable to make a reduction in rates at the present time. They will, however, very carefully consider the matter when the results of the tests are known.

Copy of letter No. 2601/41, dated the 16th June, 1938, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

I am writing to acknowledge the receipt of your letter of the 10th instant which will be placed before my Committee at a very early meeting. Your letter of the 10th June appears to have crossed mine written late on the afternoon of the 8th, and your Board's decision was apparently reached without taking it into consideration. In these circumstances, I am instructed to request that the Association's letter of the 8th June should be placed before your Board at their next meeting. I am also directed to request you to ask your Board to sanction a 10 per cent. cash discount to mill consumers pending decisions arrived at as a result of the comparative cost figures taken out in the Textile, Simplex and Swan Mills. It is the contention of my Committee that the Power Companies, for the last two or three years, have obtained a revenue from the cotton textile mills in Bombay very considerably in excess of the figures upon which the present charges for power are based, and member mills consider that, in these circumstances, some relief in power charges should be afforded to them pending completion of the new enquiry to be made regarding comparative costs. A discount of the type suggested would, it is thought, prove an equitable solution of the power rate problem pending the conclusion of the new investigations. In conclusion, we desire to emphasize that if the discount we have suggested were granted, the question of a revision of the T-3 Tariff could be held over, pending conclusions on comparative tests at the three mills mentioned earlier in this letter.

Copy of letter No. BH167/38, dated the 28th June 1938, from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

Your letters Nos. 2518/41 and 2601/41, of the 8th inst. and 16th inst., respectively have been carefully considered by the Board of the Tata Hydro-Electric Agencies, Limited, and we have been instructed to reply as follows :

At the outset, we have to say that your Committee apparently does not sufficiently appreciate the fact that the Hydro Companies have made power available to the mills at continually reduced costs. This was demonstrated to you at the joint meeting held on 6th April last, when we furnished figures indicating that in the last 7 years the average rate to the mills has been reduced from .605 anna per unit to .403 anna per unit. The average rate during recent months has actually been .394 anna per unit. And as you are aware, the reduced rates were made effective in spite of the fact that the mills benefiting from such reductions were under contract.

Your demand, however, seems to rest upon the assumption repeatedly emphasised by you that the cost of generating "own power" is definitely less than that at which power is supplied by the Hydro Group. We feel that the facts should be properly appreciated. At your specific request and after much discussion it was mutually agreed between us that tests on a certain basis should be carried out and three mills were selected. We had suggested a test at the Coorla Mills, but in your letter of 21st December 1936, you suggested that instead of an isolated test at the Coorla Mill, tests should also be conducted in the Shree Ram Mills and in the Victoria Mills. It was your opinion at that time that three tests in different mills would be likely to give more representative results than an isolated test. The tests conducted in both the Shree Ram and Coorla Mills proved that Hydro power was definitely more economical. It was only in the case of the Victoria Mill that you say there is a saving in the cost of power. At our April 6th meeting we indicated that the saving amounted to 11.5 per cent. without making allowances for the subsequent increased price in fuel and the admittedly low wages charged against the cost of generating power. We have since completed our detailed analysis of this test which shows a saving in favour of the mill of only 8.4 per cent. on single-shift operation and only 1.9 per cent. on double-shift operation. You have maintained that the difference in favour of Victoria Mill plant is 17 per cent. As we have already pointed out, we are unable to agree with that figure. However, we venture to doubt that many millowners would be willing to instal equipment of the Victoria Mill type because the economies that might be derived with a prime mover directly geared to the mill shaftings would certainly not counterbalance the disadvantages. In any case, the fact stands that two out of the three tests conducted in mills equipped with their own power plants were in favour of the Hydro Companies. It was not our suggestion but that of your own experts that the tests should be scrapped as being inconclusive for a variety of reasons.

On several occasions reference has been made to the cost of electric power for small mills operating on a single-shift basis. Apart from the comparison with private plant operating costs, we have recently made a study of the cost to small mills operating in similar circumstances in other important industrial centres such as Ahmedabad, Calcutta, Madras and Cawnpore, which show that power costs under our T-3 Schedule are substantially below what such mills are paying.

It is understood from your recent letters that you contend that the Hydro Companies have received from the mills a revenue far in excess of what was anticipated when the present T-3 Rate-Schedule was formulated. It appears that you are assuming that the increased revenue is due entirely to the double-shift operation of certain mills. Our Board is anxious to have you recall that the Tata Power Company purchased steam plants from a number of mills. The annual revenue from such mills is in excess of Rs. 12 lakhs. In the year 1931-32 the Hydro Companies sold 224 million units to the textile mills connected to their lines at that time and that corresponded to a revenue of Rs. 84.83 lakhs. This year we are supplying 357 million units, an increase of 59 per cent. for an additional revenue of only Rs. 4 lakhs, an increase of 4.7 per cent.

There is another point that should be clearly understood by all concerned. When mills purchase power from the Hydro Companies, they do so at a definitely ascertainable amount in the form of the monthly power bill. The rate over the period of the contract is a maximum one and subject to whatever reductions that are made during that period. Against this, we have the estimates of private plant generation which, we contend, compare unfavourably when all costs are included on a basis of average operating conditions as they would be over the life of a plant. Our own experience and that of others show that an allowance of at least 10 per cent. in favour of purchased power is a fair and reasonable appreciation of the value of the well-known collateral advantages such as flexibility in operation and in growth when additional power is required, security against increase in cost of generation due to rise in cost of fuel, labour and materials necessary for steam generation, insurance against breakdown without a standby plant, saving in space and improvement in production.

You have suggested that the most satisfactory method of arriving at a conclusion on the subject would be to secure guaranteed figures from boiler and power plant manufacturers. In our letter of June 10th, we advised you that our Board were agreeable to the suggestion that such estimates should be secured. We indicated to you that it should be clearly understood that all factors entering into the cost of power should be included in the calculated costs. We pointed out that in the past we have found many estimates were based on ideal operating conditions rather than the average operating conditions that would obtain over the life of the plant. You must concede, however, that until such data are available our Board are not in a position to again consider a revision of the rates. More particularly must this be the case when, as is within your knowledge, the Hydro Companies have to face an admittedly uncertain future not only on account of the declared policy of Government but on account of the revision of rates which has taken place in respect of other important consumers such as the Railways and B. E. S. & T. who, apart from a 5 per cent. cash discount in the case of the latter, have received no concessions on their contracted rates during the years in which the mill companies have been granted successive reductions. Furthermore, their case stands on a different footing in view of certain arrangements made with them which we are prepared to explain at any time you desire us to do so.

This being our position, it is difficult to understand the basis of your demand for a reduction, particularly with retrospective effect.

We trust we have explained our position and, while we greatly regret our inability to make an immediate reduction in rates, we desire to assure you that it still remains our constant aim to give the mills the benefit of every possible concession which we may find ourselves in a position to do from time to time.

APPENDIX 11.

FUEL OIL SUPPLIES TO COTTON MILLS.

Copy of letter No. 4212/238, dated the 11th October 1938, from the Association, to all Mills in Bombay.

I am directed to enclose herewith copies of two letters recently addressed to certain mills in Bombay by Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., from which it would seem that the Oil Company seek to fix the price of fuel oil for the ensuing year at Rs. 29 per ton and to reserve to themselves the right to increase it to Rs. 45 by giving a month's notice in the event of war. From letters received by the Association from a number of mills, it would appear that there is a general feeling of dissatisfaction with the proposals made by the Oil Company and also with the oil contract which in certain directions appears to be one-sided. It has been suggested that the situation should be discussed at a meeting of mills obtaining their supplies of oil through the Burmah-Shell Co., Ltd. It is proposed that this meeting be held in the rooms of the Association at 12.00 noon (S.T.) on

Tuesday, the 18th October, 1938, and I am writing to request you to depute a representative to attend. The name of your representative may be communicated to me in advance.

Copy of the first letter, dated the 30th September 1938, addressed by the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., to Mills.

It is incumbent upon us to write to you at this time of the year in connection with our Furnace Oil mill rate for the subsequent year.

It is scarcely necessary for us to emphasise that in common with the whole business community we are faced with a situation of great difficulty and uncertainty. We are required to advise to the numerous buyers of our Furnace oil our Furnace oil mill rate for 1939. You will agree with us that this is a most unfortunate moment to have to take a decision which is of the greatest importance to the Mill Industry of Bombay and to ourselves. At the same time, we cannot postpone taking action as we have definite obligations to declare our rate at this time of the year.

In the circumstances, therefore, we hereby give you notice that our Furnace oil mill rate for 1939 has been fixed at Rs. 45 (Rupees forty-five) per ton of 2,240 lbs. in bulk delivered free at your mills within the Island of Bombay for supplies made under your contract.

This rate is subject to the stipulations made in the contract existing between us and all alterations in import duty, excise, harbour dues, tariff valuation and other imposts imposed by Governments, Municipal, Port Harbour Dock railway, or other public authority would be on buyers' account. We would also draw your attention to the *force majeure* clause in your contract.

Without prejudice to the terms of the contract existing between us, we would also advise you that at present it is our intention to continue during 1939 the system in operation during 1938 whereby we allow 2 per cent. cash discount for prompt payment.

As an alternative, we would be willing that you should give us discretion without prejudice to the terms of the contract existing between us, to work out an alternative scheme which will be dependent on the circumstances as they may prevail from time to time during 1939 and, therefore, be mutually equitable to you as buyers and ourselves as sellers in the condition which it is impossible for either party to foresee at this juncture. The alternative scheme which we have in view is already under discussion with our consignors and we hope to be able to submit it as a concrete proposal at an early date.

Copy of the second letter, dated the 1st October 1938, addressed by the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., to Mills.

Further to our letter of 30th September, advising you of the mill rate for furnace oil for 1939, we are now in a position to place before you the alternative scheme to which we referred in the last para of that letter.

The proposal which we put forward for your consideration is that, instead of supplying you at the fixed mill rate of Rs. 45 per ton, which we have declared for 1939 in our letter under reference, we would be prepared to supply at Rs. 29 (Rupees Twenty-nine only) per ton of 2,240 lbs. in bulk delivered at your mills within the Island of Bombay, subject to your agreement that, without prejudice to any of the clauses of the contract which we have with you, we may reserve the option of raising the rate during the year 1939 at our discretion up to Rs. 45 (Rupees forty-five only) per ton of 2,240 lbs., in bulk delivered at your mills within the Island of Bombay, by giving you thirty days' notice of our intention to alter the rate, such notice not to be given before 1st January, 1939.

In the event of your agreeing to this proposal, we on our part, will undertake not to exercise the option to vary the rate, unless any great European power, or any country from which this Company draws any part of its supplies of petroleum products, is involved in a war declared or undeclared.

We trust that the above proposal will meet with your approval as being an equitable alternative to a rate which we have had to fix as an emergency rate in the present unsettled international situation. If you require any further details in respect of our proposal, we shall be pleased to arrange for our representative to call upon you to explain any points regarding which you may be in doubt.

Copy of letter No. 4600/238, dated the 10th November 1938, from the Association to all Mills in Bombay.

I am directed to refer to my letter No. 4212/238, dated the 11th October 1938, on the subject of fuel oil rates for 1939.

At the meeting of fuel oil users held on the 18th October, two letters which had been received by certain mills from Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., were discussed as also certain alternative proposals which had been made by Mr. G. H. Cooke, on behalf of the Oil Company during the informal conversations which he had had with the Chairman of the Association. The meeting was generally of the opinion that the alternative proposals made by the Oil Company were unfair in certain respects and it was agreed that the Chairman should again get in touch with Mr. Cooke and indicate the directions in which the proposals should be modified in order to make them satisfactory to fuel oil users. As a result of this decision, the Chairman, Deputy Chairman and the Secretary of the Association had further conversations with Mr. Cooke, and as a result of these conversations, the following new arrangement was suggested for consideration :—

- (1) Declaration of mill rate at Rs. 45 per ton, made to those Buyers whom the Oil Company were under legal obligation to notify by 30th September together with their alternative scheme (notified to Buyers on 1st October) to supply at Rs. 29 per ton, subject to an option to Messrs. Burmah-Shell to vary prices during the year in the event of war ; to be withdrawn without prejudice to existing contracts ;
- (2) In the event of the withdrawal being agreed to by all those to whom the mill rate already declared is applicable and if all consumers under contract with Messrs. Burmah-Shell for supplies of Furnace Oil at the mill rate during 1939 agree to the acceptance of a War Clause in their existing contracts on the basis outlined below, the Oil Company are ready to :—

- (a) re-declare the mill rate for 1939 at Rs. 29 per ton of 2,240 lbs.
- (b) when the Oil Company declare the mill rate for 1940 and subsequent years on or before 1st October of the year previous to that in which the rate is to be applicable, they will give to those Buyers who will be under contract to take supplies of Furnace Oil at the mill rate during the year to which the rate is applicable, the option of declaring their (Buyers') intention to suspend their contracts for the whole of, but not for a part of, the year commencing the following 1st of January, if they find that alternative fuel is more economical than Furnace Oil at the mill rate declared by the Oil Company, provided they exercise such option within 30 days after the Oil Company have declared the mill rate for the following year. If they intimate their desire to resume the use of Fuel Oil in whole or in part during the subsequent year, after having given notice of suspension, then their contracts with the Oil Company will be revived in full until expiry subject to the option referred to above and to the option which becomes operative under the War Clause to which reference is made below.

The War Clause in question will be designed to cover the following main points :—

- (a) If Sellers' costs are increased as a result of causes arising from hostilities, Sellers to have the option to raise the price to the mills above the mill rate current at the time, after giving Buyers one month's notice ;
- (b) When notice as in (a) above has been given by Sellers, Buyers on their part will have option for three months after the date of the notice given by Sellers, to declare that, because the price is prohibitive, they wish to suspend the purchase of Furnace Oil after one month, but if they elect to take supplies after the date of expiry of the one month's notice given by the Sellers of the increase in price due to hostilities, Buyers will pay for such supplies at the rate ruling on the day of delivery, but if they wish to continue to use oil fuel or resume the use of oil fuel after four months of the date of Sellers' notification, then the contracts will also be deemed to be resumed in full for the original requirements of oil until the expiry of the contract or further suspension as the case may be.

This new offer was considered at a further meeting of the representatives of mills taking their supplies of fuel oil from Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., on the 9th of November. At this meeting it was generally agreed that, while they did not concede exactly what had been asked for, the new terms substantially met the suggestions made by members at the meeting held on the 18th October, and were fairer and very much more reasonable than the proposition originally put forward, and might, therefore, be recommended for acceptance. Fuel oil users who now have contracts with the Burma Shell Oil Storage and Distributing Co. of India, Ltd., will be communicated with directly by the Oil Company during the next few days, and asked to agree to the new terms set out in the earlier portion of this letter, and mills might consider the proposals favourably.

Copy of letter No. 133/238, dated the 9th January 1939, from the Association to all Mills in Bombay.

Further to my letter No. 4600/238, dated the 10th November 1938, I am desired to convey to the fuel oil users the information that, following the meeting held on Friday, the 6th January 1939, it has been agreed that the negotiations between the Chairman of the Millowners' Association and Mr. Cooke of Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., should continue and that efforts should be made to ensure the incorporation in all contracts of a suitable notice clause : a maximum price of Rs. 45 per ton during any war emergency, and simple and uniform contracts for all fuel oil users. Pending the conclusion of the negotiations between the Chairman and Mr. Cooke, the Rs. 29 rate for fuel oil will continue, and mills will not be required to sign new agreements with the Burmah-Shell.

Copy of letter No. 234/238, dated the 12th January 1939, from the Association to all Mills in Bombay.

In my circular letter No. 133/238, dated the 9th January 1939, it was indicated that further negotiations would take place with representatives of the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., regarding mill contracts. A further meeting has now taken place with the representatives of the Burmah-Shell Company at which it was intimated that the Burmah-Shell Company would be willing to incorporate a 6 months' notice clause in any indefinite period contract, and that if mills desired to change their short period contracts to contracts of indefinite duration, they would be allowed to do so. The Chairman is of opinion that it would, on the whole, be advisable for all mills to take advantage of this offer of the Burmah-Shell Company, and get their contracts modified accordingly, since a 6 months' notice clause would enable a mill to change over to an alternative fuel or including an alternative oil fuel at any time such a change might be deemed advisable in the interests of economy.

It should, of course, be clearly understood that the 6 months' notice clause would be reciprocal and that the Burmah-Shell Company would be in a position to cease supplying any consumer having an indefinite period contract at 6 months' notice.

APPENDIX 12.

ESTABLISHMENT OF A RATING TRIBUNAL IN BOMBAY.

Copy of letter No. 8902-A, dated the 22nd April 1938, from the Secretary to the Government of Bombay, General Department, to the Association.

I am directed to forward herewith a copy of a draft Bill for the amendment of the City of Bombay Municipal Act, 1888, and the City of Bombay Municipal (Supplementary) Act, 1888, together with a statement of objects and reasons and to request that you will be so good as to favour Government at an early date with the views of the Association on the provisions of the Bill.

A Bill to amend the City of Bombay Municipal Act, 1888, and the City of Bombay Municipal (Supplementary) Act, 1888.

Whereas it is expedient to amend the City of Bombay Municipal Act, 1888, and the City of Bombay Municipal (Supplementary) Act, 1888, for the purposes hereinafter appearing ; it is hereby enacted as follows :—

1. *Short title.*—This Act may be called the City of Bombay Municipal and the City of Bombay Municipal (Supplementary) (Amendment) Act, 193 .

2. *Insertion of new sections 218A, 218B, 218C, 218D and 218E in Bom. III of 1888.*—After section 218 of the City of Bombay Municipal Act, 1888, hereinafter called the said Act, the following new sections shall be inserted, namely :—

“218A. *Arbitration.*—Where in any appeal under section 217 all the parties interested agree that any matter in difference between them shall be referred to arbitration, they may, at any time before a decision is given in such appeal, apply in writing to the Chief Judge of the Small Causes Court for an order of reference on such matter and on such application being made, the provisions of the Second Schedule to the Code of Civil Procedure, 1908, relating to arbitration in suits shall, so far as they can be made applicable, apply to such application and the proceedings to follow thereon, as if the said Chief Judge were a Court within the meaning of that schedule and the application were an application made in a suit.

218B. *Appointment of an expert valuer.*—(1). If any party to an appeal against a rateable value under section 217 makes an application to the Chief Judge of the Small Causes Court either before the hearing of the appeal or at any time during the hearing of the appeal, but before evidence as to value has been adduced, to direct a valuation of any premises in relation to which the appeal is made, the Chief Judge may in his discretion appoint a competent person to make the valuation and any person so appointed shall have power to enter on, survey and value the premises in respect of which the direction is given :—

Provided that except when the application is made by the Commissioner, no such direction shall be made by the Chief Judge unless the applicant gives such security as the Chief Judge thinks proper for the payment of the costs of valuation under this sub-section.

(2). The costs incurred for valuation under sub-section (1) shall be costs in the appeal, but shall be payable in the first instance by the applicant.

(3). The Chief Judge may, and on the application of any party to the appeal shall, call as a witness the person appointed under sub-section (1) for making the valuation and when he is so called, any party to the appeal shall be entitled to cross-examine him.

218C. *Reference to High Court.*—(1), If before or on the hearing of an appeal under section 217, any question of law or usage having the force of law, or the construction of a document arises, the Chief Judge of the Small Causes Court may, and on the application of any party to the appeal shall, draw up a statement of the facts of the case and the question so arising, and refer the statement with his own opinion on the point for the decision of the High Court.

(2). Where a reference is made to the High Court under sub-section (1), the provisions of Rules 2 to 5, both inclusive, of Order XLVI in the First Schedule to the Code of Civil Procedure, 1908, shall so far as they can be made applicable, apply to the said Chief Judge and to the High Court, respectively.

218D. *Appeals.*—(1). An appeal shall lie to the High Court :—

- (a) from any decision of the Chief Judge of the Small Causes Court in an appeal under section 217 by which a rateable value in excess of Rs. 2,000 is fixed, and
- (b) from any other decision of the said Chief Judge in an appeal under the said section, upon a question of law or usage having the force of law or the construction of a document.

(2). The provisions of the Code of Civil Procedure, 1908, with respect to appeals from original decrees shall, so far as they can be made applicable, apply to appeals under sub-section (1) and orders passed therein by the High Court may on application to the said Chief Judge be executed by him as if they were decrees made by himself.

Provided that no such appeal shall be heard by the High Court unless it is filed within one month from the date of the decision of the Chief Judge.

218E. *Costs of proceedings in appeal.*—The costs of all proceedings in appeal under section 217 before the Chief Judge of the Small Causes Court including those of arbitration under section 218A and of valuation under section 218B shall be payable by such parties in such proportion as the Chief Judge of the Small Causes Court, shall direct and the amount thereof shall, if necessary, be recoverable as if the same were due under a decree of the Small Causes Court."

3. *Amendment of Section 219 of Bom. III of 1888.*—In sub-section (1) of section 219 of the said Act, after the words " value of tax " the words " if no appeal is made therefrom under section 218D " shall be inserted.

4. *Amendment of Section 521 of Bom. III of 1888.* In section 521 of the said Act, after the words " under this Act " the words and figures " and every person appointed to make a valuation under section 218B " shall be inserted.

5. *Repeal of Section 2 of Act XII of 1888.*—Section 2 of the City of Bombay Municipal (Supplementary) Act, 1888, shall be repealed.

Statement of Objects and Reasons.

The object of this Bill is to provide for an appeal to the High Court in, and to introduce certain other provisions in connection with, proceedings relating to the assessment of properties to municipal taxes in the City of Bombay.

2. Under the City of Bombay Municipal Act III of 1888, assessments of property for the purposes of municipal taxation are fixed in the first instance by the Municipal Commissioner. Section 217 of the Act provides for an appeal against any rateable value or any tax fixed or charged under the Act to the Chief Judge of the Small Causes Court, who, under the provisions of Act XII of 1888, is empowered, if he thinks fit, to refer a question of law for the decision of the High Court. Advantage is rarely taken by the Chief Judge of his power to refer a point to the High Court, and the decision of the Chief Judge, on questions of assessment, when no such reference is made, is final and is not subject to review by the High Court.

3. The growth of the City since the passing of the City of Bombay Municipal Act has brought into existence a great many special classes of industrial and other properties, in regard to which intricate and difficult questions of rating law, including questions of exemption from rates, arise. There has also been a great development in the law of rating in England, on which the provisions of the City of Bombay Municipal Act are based, and the subject is in certain aspects one of the most difficult upon which courts of law require to adjudicate. As the same considerations arise in rating all properties of the same class, any decision by the Chief Judge upon a question of principle must have far-reaching consequences in the rating of similar properties in the City, and the issues involved extend beyond the ordinary jurisdiction of the Court of Small Causes. The existing provisions of the Act are, therefore, no longer adequate, and legislation is necessary to enable the important questions on the principles and law of rating, which arise in connection with the assessment of properties in the City, to be brought before the High Court by reference and on appeal.

4. In view of these considerations provision is made in the Bill for a reference to the High Court on a question of law being made by the Chief Judge on the application of any party to an assessment appeal. Provision is also made for an appeal to the High Court from any decision of the Chief Judge fixing a rateable value in excess of Rs. 2,000, and for an appeal on a question of law to the High Court against any other decision of the Chief Judge in regard to a rateable value or a tax fixed or charged under the Act.

5. As questions, which can only be dealt with by expert valuers, frequently arise in assessment appeals and such questions may often be advantageously referred to arbitration or decided in the light of a report by an independent expert, provision has also been made (1) enabling the parties to an assessment appeal before the Judge to refer the matters in dispute to arbitration, and (2) empowering the Chief Judge on the application of any party to an appeal to appoint an independent valuer to make a valuation of the premises and give evidence if called upon to do so.

Copy of letter No. 3876/143, dated the 19th September 1938, from the Association to the Secretary to the Government of Bombay, General Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 8902-A, dated the 22nd April 1938, requesting my Committee to express an opinion on certain amendments in the City of Bombay Municipal Act. Briefly stated, the Bill contains :—

- (a) A provision that, if the parties so desire, the differences may be referred to arbitration before the appeal is heard by the Chief Judge of the Small Causes Court ;
- (b) A provision for the appointment of a Valuation Expert by the Chief Judge of the Small Causes Court to make an independent valuation of the property under assessment before hearing the case ;
- (c) A provision for a reference by the Chief Judge on points of law to the High Court ; and

- (d) A provision for an appeal against the decision of the Chief Judge of the Small Causes Court in respect of valuations exceeding Rs. 2,000.

With regard to (a), the exact reason for this amendment is not clear, because, so far as my Committee are aware, there is nothing to prevent the parties from going to arbitration before an appeal is disposed of by the Chief Judge of the Small Causes Court. As Government are aware, an arbitration of this character took place in 1931 in connection with the appeals preferred by the mills against the assessment orders passed by the Assessor and Collector of the Bombay Municipality.

As regards (b), it is proposed that, on the application of either party, the Chief Judge may direct that a valuation of the premises which is the subject matter of the appeal be made by a competent person who shall thereupon survey and value the premises. After the valuation has been made the Chief Judge may, on his own initiative, or, shall, on the application of any party to the appeal, call as a witness the party so appointed, and when he is so called, either party may cross-examine him. My Committee fail to appreciate the object or advantage of this amendment which seeks to place before the Court an independent expert valuation before any evidence as to value has been led. In an appeal against rateable value, both parties may be expected to call before the Court the experts on whom they propose to rely as to the rateable value of the property, and if the Judge of the Small Causes Court cannot make up his mind between the two sets of experts, it is doubtful whether the calling of the expert appointed by the Judge will be of much assistance to him particularly after the expert has been cross-examined by both the appellants and respondents.

This section further provides that this expert shall be a "competent" person. It is considered that the word "competent" should be carefully defined as the parties would not probably be given an opportunity of examining the witness as to his competency. My Committee have given careful consideration to this Clause and they feel that the object which Government have in view would perhaps be served if the expert could be associated with the Judge, that is to say, act as an assessor in the appeal with more or less the same functions as the Trinity Masters in Admiralty cases in England or assessors in patent cases in this country. The only point to be remembered in this connection is that the expert should not either directly or indirectly be interested in the parties concerned.

As regards (c), my Committee are advised that Section 2 of Act No. XII of 1888 already permits the Chief Judge of the Small Causes Court to refer questions of law or usage having the force of law, etc., on which the Chief Judge entertains reasonable doubts, either on his own motion or on the application of either of the parties, for the decision of the High Court of Judicature, Bombay. In the circumstances, my Committee fail to see the necessity of an amendment on the lines suggested by Government.

The provision for an appeal to the High Court of Judicature is a very desirable reform, but in actual practice this clause will probably be invoked to a greater degree by the Municipality than the tax-paying public since the cost of bringing an action would be very considerable and might, in many instances, be beyond the means of an assessee.

The proposed Bill is silent in regard to certain reforms suggested by the Association in the assessment machinery. In a representation submitted by us on 3rd December 1931, we suggested the establishment of a rating tribunal consisting of a judicial officer of high standing and a valuation expert or experts to dispose of appeals against valuations fixed by the Assessor and Collector of Taxes. The case for the appointment of such a tribunal rests on two grounds: firstly, the procedure whereby the Municipal Commissioner disposes of appeals against the assessment made by his own subordinates is wrong in principle and secondly, the Chief Judge of the Small Causes Court, however eminent a lawyer he might be, cannot be expected to have expert knowledge on all matters connected with rating. It is this state of affairs, which, my Committee strongly feel, should be set right as early as possible, and I am to express the hope that it will be possible for Government to incorporate suitable proposals in the Bill when it is finally drafted.

APPENDIX 13.

EMPLOYERS' DELEGATE TO THE TWENTY-FIFTH SESSION OF THE
INTERNATIONAL LABOUR CONFERENCE.

Copy of letter No. L. O.6323, dated the 9th December 1938, from the Commissioner of Labour, Bombay, to the Association.

I have the honour to forward herewith for the information of your Association a copy of the Press *communiqué* issued by the Government of India in the Department of Labour on the above subject.

2. I should like to draw your attention to para. 3 of the *communiqué* and to point out that all suggestions should be communicated to the Government of India direct and not to this office.

Copy of Government of India Press Communiqué dated New Delhi, the 9th November 1938.

In the normal course the 25th Session of the International Labour Conference will be held at Geneva in June 1939. The following six questions will come up before the Conference for second and final decision :—

1. Technical and vocational education and apprenticeship.
2. Recruiting, placing and conditions of Labour (equality of treatment) of migrant workers.
3. Regulation of contracts of employment of indigenous workers.
4. Regulation of hours of work and rest periods of professional drivers (and their assistants) of vehicles engaged in road transport.
5. Reduction of hours of work in Industry, Commerce and Offices.
6. Reduction of hours of work in Coal Mines.

2. The delegates representing each Member State at the Conference include two Government Delegates, one Employers' Delegate and one Workers' Delegate. Advisers can be appointed for each group according to necessity and circumstances. The duty of nominating the personnel of the entire Indian Delegation rests with the Government of India who, under the terms of the Treaty of Versailles, have undertaken "to nominate non-Government Delegates and Advisers chosen in agreement with the industrial organisations if such organisations exist, which are most representative of employers or workpeople as the case may be." An association will be regarded as representative of employers only if it includes among its functions that of dealing with the interests of employers as such (e.g., regulating conditions of employment).

3. All suggestions relating to the nomination of non-Government Delegates and their Advisers should reach the Secretary to the Government of India in the Department of Labour as early as possible and, in any case, not later than the 15th January 1939.

4. Allowances (on a scale which can be ascertained by application to the Department of Labour) will be granted by Government to defray the expenses of the Delegates and Advisers finally nominated.

Copy of letter No. 170/268, dated the 10th January 1939, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

I am directed to invite your attention to Government Press *Communique*, dated the 9th November 1938, inviting nominations to represent the employers at the next Session of the International Labour Conference to be held in Geneva in June 1939, and to say that my Committee have much pleasure in suggesting the nomination of Sir Ardeshir Dalal, Kt., of Messrs. Tata Sons, Limited, and Mr. K. Basu, President of the Indian Mining Federation as the Employers' Delegate and Adviser, respectively.

Sir Ardeshir Dalal's very close association with the administration and practical working of one of the biggest manufacturing and industrial concerns of the country would make him an eminently suitable candidate to represent Indian Employers at the next Session of the International Labour Conference. My Committee note that one of the items on the agenda relates to reduction of hours of work in coal mines, and in this connection it is thought that the practical knowledge of Mr. K. Basu on all matters connected with Indian mining would be of great assistance to the Employers' Delegate.

APPENDIX 14.

COMPULSORY PROVISION OF CRECHES IN MILLS.

POLITICAL AND REFORMS DEPARTMENT.

Bombay Castle, 23rd December 1937.

No 1262/34.—The following draft of a notification which it is proposed to issue under sub-section (2) of section 33 of the Factories Act, 1934 (XXV of 1934), is published as required by section 79 of the said Act for the information of all persons likely to be affected thereby, and notice is hereby given that the draft will be taken into consideration by the Government of Bombay three months after the date of its publication in the *Bombay Government Gazette*.

2. Any objection or suggestion which may be received by the Commissioner of Labour (Factory Department), Secretariat, Fort, Bombay, from any person with respect to the said draft on or before the date aforesaid will be considered by the Government of Bombay.

Draft Notification.

No. .—In exercise of the powers conferred by sub-section (2) of section 33 of the Factories Act, 1934 (XXV of 1934), the Government of Bombay is pleased to make the following rules :—

ROOMS FOR CHILDREN.

1. The occupier of every factory other than a seasonal factory wherein more than 100 women workers are ordinarily employed and which may be specified hereafter by a notification in this behalf shall provide a suitable room or rooms for the use of children below the age of six years belonging to such women.

2. These rooms shall comply with the following conditions :—

(a) In every such room, a floor space of not less than nine square feet shall be provided for each child accompanying such women.

- (b) The height of the roof of every such room measured to its lowest part shall be at least ten feet from the floor.
- (c) Every such room shall be well lighted and ventilated and built of heat resisting materials.
- (d) The structure of every such room shall be waterproof and damp-proof and shall be maintained in a clean condition.

3. The use of every such room shall be restricted to children, their attendants, and mothers of children.

4. The occupier shall provide in such rooms proper sanitary utensils and a sufficient supply of hot and cold water or a sufficient supply of water with adequate facilities for heating the same.

5. The occupier shall employ a trained nurse and a female servant for attending to the children occupying such rooms, and either such nurse or servant shall always be present in such rooms during the hours when women are employed in the factory.

Copy of letter No. 756/75, dated the 21st February 1938, from the Association to the Commissioner of Labour, Factory Department, Bombay.

The attention of my Committee has been drawn to a Notification No. 1262/34, dated the 23rd December 1937, published in Part IV-A of the *Bombay Government Gazette*, dated the 6th January 1938. According to this Notification, the owners or occupiers of all industrial establishments employing more than 100 women workers are required to provide for the use of children below the age of six, belonging to such women, a suitable room or rooms, these rooms complying with the following conditions :—

- (a) A floor space of not less than 9 square feet shall be provided for each child ;
- (b) The height of the roof of every such room shall not be less than 10 feet ;
- (c) Every room shall be well ventilated, lighted and built of heat resisting materials ; and shall also be waterproof, damp-proof, and shall be maintained in a clean condition.

The use of every such room is to be restricted to children, their attendants and mothers of children, and the employer has to provide in such rooms, proper sanitary utensils and a sufficient supply of hot and cold water or a sufficient supply of water with adequate facilities for heating the same. It is further proposed that the employer shall employ a trained nurse and a female servant for attending to the children occupying such rooms, and that such nurse or servant shall be present in such rooms during the hours when women are employed in the factory.

In this connection, as you are probably aware, certain rules were made by the Government of Bombay in 1934, but on subsequent representations made by this Association, you were good enough to agree to recommend Government not to frame any rules regarding creches for the time being. You then appeared to be convinced that further investigation into the creche question in Bombay was necessary and it was understood that this investigation would be undertaken by the Labour Office at an early date. In the circumstances, the Association did not pursue the matter further, and the rules originally suggested by Government were dropped. My Committee are not aware whether any investigation was subsequently carried out by the Labour Office. In any event, they would be glad to be furnished with the results of this investigation for information.

Coming to the draft rules framed by Government, the information at the disposal of the Association shows that baby creches have come into existence in a fairly large number

of mills by voluntary efforts made by employers in spite of the heavy losses which have been incurred by the Industry for several years, and it may be expected that, as and when times improve, these institutions would be further developed. That, however, is different from forcing the pace by enacting legislation which cannot, in the long run, fail to have unfortunate repercussions on the quality and effectiveness of the work voluntarily carried out for the benefit of women workers and their children. In the circumstances, my Committee feel that further development in the matter of accommodation for children in factories should be secured by Government with the voluntary co-operation of employers. The rules proposed by Government may be taken as a guide wherever such establishments come into existence, and the whole question may be reviewed after five years in the light of subsequent experience. It is from this point of view that my Committee have considered the draft rules and the only observation which they would like to make is in respect of Clause 2 which prescribes a floor space of not less than nine square feet for each child. The point which my Committee desire to raise is that, in the case of a mill which has no creche whatsoever to start with but which intends to erect one, it would be impossible to estimate what floor area to provide, since it would not be possible for the authorities to ascertain how many children would be brought to the mill premises by their mothers. It would be no use endeavouring to arrive at a figure based on the number of children under six years of age belonging to the women employees in the particular mill concerned, as experience has shown that, in very many cases, women employees prefer to leave their children at their homes in charge of female relatives or other persons. In the circumstances, it is thought that this rule might be deleted with advantage and that discretion might be vested in the Chief Inspector of Factories to decide whether the floor area allotted per child is sufficient.

Copy of letter No. 3076/75, dated the 21st July 1938, from the Association to all Member Mills in the Bombay Presidency.

I enclose herewith for your information, copy of Notification No. 1262/34, dated the 14th June 1938, issued by the Government of Bombay, which *inter alia* lays down that the occupier of every factory other than a seasonal factory wherein more than 100 women workers are ordinarily employed and which may be specified hereafter by a notification, shall provide a suitable room or rooms for the use of children below the age of six years belonging to such women.

As stated above, this notification applies only to factories ordinarily employing more than 100 women workers. A list of such factories is now being prepared by the Government of Bombay and will be published as contemplated in Rule 1 of the enclosed. The Rules will, therefore, take effect only from the date of the notification referred to in this rule, but mills employing more than 100 women which have at present no creches might take in hand immediately the preliminaries connected with the planning and establishment of a creche so that the institution may be ready when the Government notification issues.

POLITICAL AND SERVICES DEPARTMENT.

Bombay Castle, 14th June 1938.

No. 1262/34.—In exercise of the powers conferred by clause (g) of section 32 and sub-section (2) of section 33 of the Factories Act, 1934 (XXV of 1934), the Government of Bombay is pleased to make the following Rules, the same having been previously published as required by sub-section (1) of section 79 of the said Act :—

Rooms for Children.

1. The occupier of every factory other than a seasonal factory wherein more than 100 women workers are ordinarily employed and which may be specified hereafter by a notification in this behalf shall provide a suitable room or rooms for the use of children below the age of six years belonging to such women. Such children shall not be refused admission to such portions of the factory premises.

2. These rooms shall comply with the following conditions :—

- (a) In every such room sufficient floor space shall be provided for each child accompanying such women. The Chief Inspector of Factories may, if he considers the floor space to be insufficient, serve on the manager an order requiring further accommodation within three months of the order.
- (b) The height of the roof of every such room measured to its lowest part shall be at least ten feet from the floor.
- (c) Every such room shall be well lighted and ventilated and built of heat resisting materials.
- (d) The structure of every such room shall be waterproof and damp-proof and shall be maintained in a clean condition.

3. The use of every such room shall be restricted to children, their attendants, and mothers of children.

4. The occupier shall provide in such rooms proper sanitary utensils and a sufficient supply of hot and cold water or a sufficient supply of water with adequate facilities for heating the same.

5. The occupier shall employ a “ trained nurse ” and a female servant for attending to the children occupying such rooms, and either such nurse or servant shall always be present in such rooms during the hours when women are employed in the Factory.

From 1st May 1939, “ a trained nurse ” shall be one certified to have taken a six months’ training course in any Maternity Home or Child Welfare Centre approved as satisfactory for this purpose by the Chief Inspector of Factories.

Copy of letter No. 3301/75, dated the 9th August 1938, from the Association to all Member Mills in the Bombay Province.

Further to my letter No. 3076/75, dated the 21st July 1938, I enclose herewith for your information a copy of Government Notification No. 1262/34, dated the 30th July 1938, issued under the provisions of Rule 1 of the “ Rules relating to Rooms for Children ” published by Government on 14th June 1938. The enclosed Notification contains the names of factories and/or establishments which have to provide a suitable room or rooms for the use of children below the age of six years belonging to the women employed therein.

POLITICAL AND SERVICES DEPARTMENT.

Bombay Castle, 30th July 1938.

No. 1262/34.—The Government of Bombay is pleased to specify, with effect from the 15th day of August 1938, the factories mentioned in the schedule hereto, for the purposes of rule 1 of the rules made under section 32 (g) and section 33(2) of the Factories Act, 1934 (XXV of 1934), and published in Government Notification in the Political and Services Department, No. 1262/34, dated the 14th June 1938 :—

Schedule.

FACTORIES.

Town and Island of Bombay.

COTTON SPINNING AND WEAVING.

1. Alexandra Mills.
2. Apollo Mills, Limited.
3. Bombay Cotton Manufacturing Company, Limited.

4. Bombay Dyeing and Manufacturing Co., Limited (Spring Mills).
5. Bombay Dyeing and Manufacturing Co., Limited. (Textile Mills).
6. Bombay Suryodaya Mills, Limited.
7. Bradbury Mills, Limited.
8. Century Spinning and Manufacturing Company, Limited.
9. Crown Spinning and Manufacturing Company, Limited.
10. Colaba Land and Mill Company, Limited.
11. Dawn Mills Company, Limited.
12. Dhanraj Mills, Limited.
13. Digvijay Spinning and Weaving Company, Limited.
14. Edward Sassoon Mills, Limited.
15. Elphinstone Spinning and Weaving Mills Company, Limited.
16. Finlay Mills, Limited.
17. Gold Mohur Mills, Limited.
18. Hindustan Spinning and Weaving Mills Company, Limited.
19. Hirji Mills, Limited.
20. Indian Manufacturing Company, Limited.
21. Jacob Sassoon Mills.
22. Jam Manufacturing Company, Limited, No. 1.
23. Jam Manufacturing Company, Limited, No. 2.
24. Jehangir Wadia Mills.
25. Jubilee Mills, Limited.
26. Kamala Mills, Limited.
27. Khatau Makanji Spinning and Weaving Company, Limited.
28. Kohinoor Mills Company, Limited, No. 1.
29. Kohinoor Mills Company, Limited, No. 2.
30. Madhowji Dharamsi Manufacturing Company, Limited.
31. Meyer Sassoon Mills, Limited.
32. Moon Mills, Limited.
33. Morarji Goculdas Spinning and Weaving Company Limited, No. 1.
34. Morarji Goculdas Spinning and Weaving Company, Limited, No. 2.
35. Modern Mills, Limited.
36. Madhusudan Mills, Limited.
37. New City of Bombay Manufacturing Company, Limited.
38. New China Mills, Limited.
39. New Kaiser-I-Hind Spinning and Weaving Company, Limited.
40. Phoenix Mills, Limited.
41. New Great Eastern Spinning and Weaving Company, Limited, No. 1.
42. New Pralhad Mills, Limited.
43. Raghuvanshi Mills, Limited.
44. Ruby Mills, Limited.
45. Sir Shapurji Broacha Mills, Limited (Empress No. 2).
46. Sir Shapurji Broacha Mills, Limited (Empress No. 1).
47. Sassoon Spinning and Weaving Company, Limited.
48. Victoria Mills, Limited, No. II.
49. Simplex Mills Company, Limited.
50. Shree Ram Mills, Limited.
51. Standard Mills Company, Limited.
52. Shree Niwas Cotton Mills, Limited.
53. Tata Mills, Limited.
54. Toyo Podar Cotton Mills, Limited.
55. New Union Mills, Limited.
56. Victoria Mills, Limited, No. I.
57. Western India Spinning, Weaving and Manufacturing Company, Limited.
58. Zenith Mills, Limited.

Textile Woollen Mills.

59. Indian Woollen Mills.

Bombay Suburban District.

COTTON SPINNING AND WEAVING.

60. Svadeshi Mills Company, Limited, No. I.
61. Svadeshi Mills Company, Limited, No. II.
62. Coorla Spinning and Weaving Company, Limited.

* * * * *

East Khandesh District.

COTTON SPINNING AND WEAVING.

63. Khandesh Spinning and Weaving Mills Company, Limited.

* * * * *

West Khandesh District.

64. New Pratap Spinning, Weaving and Manufacturing Company, Limited.

Sholapur District.

65. Jam Shri Ranjitsinghji Spinning and Weaving Mills Company, Limited.
66. Laxmi Cotton Manufacturing Company, Limited.
67. Narsinggirji Manufacturing Company, Limited.
68. Sholapur Spinning and Weaving Company, Limited, No. I.
69. Sholapur Spinning and Weaving Company, Limited, No. II.
70. Sholapur Spinning and Weaving Company, Limited, No. III.
71. Vishnu Cotton Mill, Limited.

* * * * *

Belgaum District.

72. Gokak Mills, Limited, Nos. 1 and 2.

* * * * *

Ahmedabad District.

73. Ahmedabad Advance Mills, Limited.
74. Ahmedabad Jupiter Spinning, Weaving and Manufacturing Company, Ltd.

Copy of letter No. 3401/75, dated the 16th August 1938, from the Association to the Chief Inspector of Factories, Bombay.

I have sent to all members of the Association in Bombay a copy of the Notification issued by the Government of Bombay regarding the installation of creches in mills. A number of the mills in your list already have creches and have written to inform me that they comply with the provisions of the Factories Act and Rules under the Factories Act. A number of other mills have informed me that they are taking in hand the preparation of the accommodation which will be necessary but that it will take some time before the creches are actually ready for occupation. In certain instances, owing to lack of free space, entirely new buildings will have to be erected, and in these instances, the time which will elapse before the creche can be built will be considerable. I should like to be in a position to assure mills who have not at present creches but have taken in hand the preparation of accommodation complying with the provisions of the Act that they will not be proceeded against for an infringement of the Act or Rules, it being, of course, understood that the creches will be provided within a reasonable space of time.

Copy of letter No. 8664, dated the 10th September 1938, from the Chief Inspector of Factories, Bombay, to the Association.

In reply to your letter No. 3401/75, of the 16th ultimo on the above subject, I have to inform you that mills which will require to construct new buildings for creches will be allowed a reasonable time in which to comply.

2. The attention of the Managers of the above in particular may please be drawn to the necessity of employing a "trained nurse" as defined before 31st May 1939. The Lady Inspector has been making arrangements for training of nurses and Managers should in case of difficulty communicate with her.

Copy of letter No. 3829/75, dated the 15th September 1938, from the Association to all Member Mills in the Bombay Province.

I refer to my circular letter No. 3076/75, dated the 21st July 1938, in connection with the rules framed by the Government of Bombay regarding the provision of creches in perennial factories employing more than one hundred women workers.

Many mills have, for a number of years, been maintaining creches conforming to the requirements laid down in the rules. Other mills took in hand the provision of the necessary accommodation immediately on receipt of the circular letter referred to above. In certain instances, however, owing to the lack of free space, it became necessary to erect entirely new buildings. A suggestion was, therefore, put forward to the Chief Inspector of Factories, Bombay Presidency, that in such cases, a reasonable period of time should be allowed to the mills concerned in order to comply with the requirements laid down in the rules. This suggestion has now been agreed to by the Chief Inspector.

At the same time, I have been asked to draw your attention to the necessity of mills employing a "trained nurse" as defined in Rule 5 (quoted below for ready reference), before the 31st of May 1939. It is understood that the Lady Inspector of Factories has been making arrangements for the training of nurses and individual mill managements may, if necessary, consult her in this matter.

Rule 5.—The occupier shall employ a "trained nurse" and a female servant for attending to the children occupying such rooms, and either such nurse or servant shall always be present in such rooms during the hours when women are employed in the Factory.

From 1st May 1939, "a trained nurse" shall be one certified to have taken a six months' training course in any Maternity Home or Child Welfare Centre approved as satisfactory for this purpose by the Chief Inspector of Factories.

APPENDIX 15.

INDUSTRIAL WELFARE WORK IN BOMBAY CITY.

Copy of letter No. L.O. 3431, dated the 4th July 1938, from the Commissioner of Labour, Bombay, to the Association.

As a first step in the direction of the extension and co-ordination of industrial welfare work in Bombay City, Government have decided to take a survey of certain welfare activities undertaken by different agencies. In the view of Government the immediate needs of industrial workers are the establishment of libraries and reading rooms, provision of facilities for physical culture and recreation and the publication of appropriate literature for industrial

workers. I am, therefore, directed to request you to be so good as to supply me with a detailed note on the points set out below. The information should relate to industrial workers only and not to other classes of the population :—

(1) To what extent, if any, does your association cater to the needs of industrial workers ?

(2) Have you established any libraries and reading rooms ? If so, please state their number, location and the average attendance, etc.

(3) Have you established any centres for physical culture and recreation ? If so, please state their number, location and the average attendance, etc.

(4) Have you published or do you contemplate publishing literature especially for industrial workers ? If so, please give details.

2. I shall be glad if you will kindly let me have a reply at your very early convenience.

Copy of letter No. 3057/199, dated the 19th July 1938, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O. 3431, dated the 4th July 1938, in which you request me to furnish you with a detailed note on the four questions raised in your letter. Your request was considered at a meeting of my Committee held yesterday, and I am to give below their replies to your questions in the order in which they have been mentioned by you :—

*Question (1) :—*To what extent, if any, does your Association cater to the needs of industrial workers ?

Answer.—The Association has for many years been devoting much thought to the welfare of the workers employed by member mills in Bombay City and Island. The interests of the workers are catered for through the medium of the Association's Labour Officer and a Sub-Committee of Mill Managers who meet to discuss labour problems from month to month. The Labour Officer, working in conjunction with the Government Labour Officer, investigates all the grievances submitted by the mill operatives with a view to ensuring that fair treatment is meted out to them under all circumstances. The Labour Sub-Committee of the Association, in addition to dealing with all routine labour problems, also concerns itself with welfare matters and has been responsible for many very useful recommendations for ameliorating the lot of mill employees. In order to give Government an idea of the type of work that has been done by this Sub-Committee, I enclose a copy of the booklet recently issued. The Association naturally cannot itself undertake a great deal of welfare work on behalf of the workers owing to its limited funds, but it has always encouraged member mills to extend their welfare activities as and when financial considerations have permitted. It has, for example, encouraged the establishment of Co-operative Credit Societies, provision of free medical aid, Creches, Canteens, Mill Tea Shops, Safety First Classes and Sports Clubs. It has also encouraged member mills to grant scholarships to their workmen attending the technical classes held under the auspices of the Social Service League and the Victoria Jubilee Technical Institute. The Association has itself subscribed regularly to a number of hospitals, educational establishments, etc., which cater particularly for the needs of industrial workers. In addition, the Association has adopted a forward policy in regard to a large number of recommendations of the Royal Commission on Labour, and periodical reports have been submitted to Government as to what has been achieved in the direction of implementing the Royal Commission's recommendations.

Question (2).—Have you established any libraries and reading rooms ? If so, please state their number, location and the average attendance, etc.

Answer.—The Association has not itself established any libraries or reading rooms, but reading rooms have been provided in a number of member mills, and the Association has contributed regularly for a number of years to the Bombay Textile and Engineering Association, one of whose main functions is to supply up-to-date technical reading matter for certain classes of supervisors in the mills.

Question (3).—Have you established any centres for physical culture and recreation ? If so, please state their number, location and the average attendance, etc.

Answer.—The Association has not established any centres for physical culture and recreation, but has encouraged the establishment of such centres by individual mills.

Question (4).—Have you published or do you contemplate publishing literature especially for industrial workers ? If so, please give details.

Answer.—The Association publishes a monthly Marathi magazine, *Girni Samachar*, at a nominal price for the use of mill workers. A sample copy is enclosed for ready reference.

My Committee would be very pleased to supplement, if necessary, their answers to your questionnaire.

APPENDIX 16.

PROHIBITION MEASURES IN BOMBAY—PROPOSED CHANGE IN WAGE PERIOD.

Copy of circular letter No. P.W/6896, dated the 21st July 1938, from the Commissioner of Labour, Bombay, to Mills employing less than 1,000 workers.

One of the measures which Government propose to adopt in connection with the enforcement of its policy of prohibition is the closing of liquor shops in Bombay City for two days every month, those days being the principal monthly pay day and the day after.

The Payment of Wages Act provides that factories employing 1,000 or more workers must pay wages not later than ten days and factories employing less than 1,000 workers not later than seven days after the expiry of the wage period. As the pay period is almost invariably a calendar month, there are two days in the month on which the vast majority of industrial workers receive their pay, the 7th and the 10th. Most of the mills employ 1,000 or more workers and so do the railway workshops, so that the pay day, common to by far the largest number of workers, is the 10th. There are, however, hundreds of small factories and industrial establishments employing in the aggregate many thousands of workers whose pay day is the 7th and it is desired to alter that day to the 10th. This can be done by altering the pay period from the calendar month to the 4th of one month to the 3rd of the other, so that the period of seven days after the end of the wage period would fall on the 10th. The result would be that the vast majority of mill hands and other factory workers would receive their pay on the 10th of the month but would not be able to dissipate it in drink because all the liquor shops would be closed on that day and the following day.

I am instructed by Government to ask you to co-operate in this matter by altering your pay period from the 1st to the 31st to the 4th to the 3rd as from next August. The pay period for July would be as usual, but the period from August 1st to August 3rd would be an extra pay period, the pay for which would have to be distributed by August 10th. The next pay period would be from August 4th to September 3rd, the next September 4th to October 3rd, and so on.

I should be glad if you would treat this as urgent and let me have a reply addressed to the Chief Inspector of Factories, Secretariat, not later than 28th July 1938.

Copy of letter No. 3426/175, dated the 17th August 1938, from the Association to the Commissioner of Labour, Bombay.

The attention of my Committee has been drawn to your circular letter No. P.W./6896, dated the 21st July 1938, which appears to have been sent to all factories employing less than 1,000 operatives. These establishments are, in accordance with Section 5(1) (a) of the Payment of Wages Act, paying the wages of their operatives not later than seven days after the expiry of the wage period, which, in every case, is a calendar month. Up to the present, this has meant that wages in industrial establishments are paid on more than one day per month. In order to avoid this and thus ensure that the closure of liquor shops in the City would coincide with days on which wages are distributed in all major industrial establishments, your circular suggests that factories employing less than 1,000 workers might also pay on the 10th, by changing the wage period from the calendar month to a period running from the 4th of one month to the 3rd of the succeeding month.

The implications of this suggestion have been very carefully examined by my Committee and they are convinced that a change in the wage period, as suggested by Government, would not be desirable. It seems to have been overlooked that a change in the wage period from the calendar month, as suggested by you, would mean a similar change in the basis of accounting of the company, and many adjustments would have to be made when the monthly and yearly accounts are prepared. In addition, a change of the nature suggested would complicate the preparation of a very large number of returns and statistics.

One of our own members who received the circular appears to have consulted his workmen about the proposed change and it transpires that, while they had no objection to taking their wage on the 10th, the change in the pay period was opposed on the grounds that it would introduce "a month" which is different from the month on the basis of which they pay their rent and other household expenses. In the circumstances, my Committee fail to see the advantages of making a change which is inconvenient to the employers and at the same time unacceptable to labour. They are, however, in complete agreement with the measures taken by Government in enforcing their prohibition policy and suggest that the object in view might, perhaps, be served by asking the Government of India to amend the Payment of Wages Act so as to empower Local Governments in special circumstances to authorise the payment of wages in factories employing less than 1,000 operatives on a day not later than the 10th of the following month.

Copy of letter No. P.W./8180, dated the 22nd August 1938, from the Chief Inspector of Factories, Bombay, to the Association.

I have to acknowledge with thanks the receipt of your letter No. 3426/175, dated the 17th instant and to state that the contents thereof are noted.

Copy of letter No. P/W11445, dated the 9th December 1938, from the Commissioner of Labour, Bombay, to the Indian Bleaching, Dyeing and Printing Works, Ltd.

I have the honour to state that the Bombay Millowners' Association has fixed the following days in 1939 for payment of wages to their employees. As you are aware, Government have issued orders for the closure of the liquor shops in Bombay on the monthly pay day fixed by the Millowners' Association and the day following in order to assist their policy of prohibition. The Payment of Wages Act makes a distinction as to the period within which concerns employing less than 1,000 persons have to make payment of wages to their employees. To get over this difficulty Government desire that small concerns employing less than 1,000 persons should arrange their wage period in such a way that the employees will receive their pay on the day fixed by the Millowners' Association.

The pay days fixed by the Bombay Millowners' Association for their mills employing 1,000 or more persons are as follows :--

January	..	Tuesday, 10th.
February	..	Thursday, 9th.
March	..	Friday, 10th.
April	..	Saturday, 8th.
May	..	Wednesday, 10th.
June	..	Saturday, 10th.
July	..	Saturday, 8th.
August	..	Wednesday, 9th.
September	..	Sunday, 10th.
October	..	Tuesday, 10th.
November	..	Friday, 10th.
December	..	Saturday, 9th.

Copy of letter No. 5175/175, dated the 20th December 1938, from the Association to the Commissioner of Labour, Bombay.

I have seen a copy of your letter No. P/W11445, of 1938, dated the 9th December 1938, addressed to the Indian Bleaching, Dyeing and Printing Works, Ltd., on the above subject. This matter, as you are aware, was the subject of a representation submitted by this Association to your Department on 17th August 1938, to which only a bare acknowledgment has, so far, been received. In the circumstances, it was presumed that Government had decided not to pursue the matter further. However, in view of the communication now received by the Indian Bleaching, Dyeing and Printing Works, Ltd., I am to enquire whether it is intended to proceed further with this matter and, if so, to request that the points made in my letter No. 3426/175, dated the 17th August 1938, be given careful consideration.

Copy of letter No. P.W./14897, dated the 22nd December 1938, from the Commissioner of Labour, Bombay, to the Association.

With reference to your letter No. 5175/175, dated the 20th instant, I am enclosing a copy of a letter sent to the Dyeing and Bleaching factories concerned. The recent circular sent to all the small factories in Bombay was not intended to apply to the dyeing and bleaching concerns that are connected with the mills. I think the separation of the dyeing and bleaching factories from the mills had its origin in the Cotton Duties Act. A physical separation was then made to permit duties being paid on goods in the grey state on their issue from the mill premises. It is advantageous for statistical purposes to keep them as separate factories but so far as the Payment of Wages Act is concerned, I am quite prepared to treat them as combined with the mill for fixing the wage period.

Copy of letter No. P.W./ , dated the 22nd December 1938, from the Commissioner of Labour, Bombay, to the Dyeing and Bleaching factories concerned.

I have to state that the circular No. P.W./11445 of 9th December 1938, was sent to you in error. No change in your present system of keeping the calendar month as the wage period and paying wages on the Millowners' pay day is desired.

Copy of letter No. 5341/175, dated the 29th December 1938, from the Association to the Commissioner of Labour, Bombay.

I am directed to invite your attention to your letter No. P. W.14897, dated the 22nd instant and enclosure, in which you point out that, so far as the bleaching, dyeing and printing establishments were concerned, no change in the present system of keeping the

calendar month as the wage period and paying wages on the Millowners' Association's pay-day is desired. Your letter, however, does not make it clear as to what the position will be in respect of cotton spinning and weaving mills with or without bleaching, dyeing and printing establishments, which employ less than 1,000 operatives, and my Committee would greatly appreciate it if you could let them know whether in view of our letter No. 3426/175, dated the 17th August 1938, Government still desire such establishments to change their wage period so as to make it possible for them to pay wages to their operatives on the pay-days fixed by the Association under the Payment of Wages Act for mills employing more than 1,000 operatives.

Copy of letter No. P.W./12, dated the 3rd January 1939, from the Chief Inspector of Factories, Bombay, to the Association.

With reference to your letter No. 5341/175, dated 29th December 1938, addressed to the Commissioner of Labour, I have to inform you that Government have not yet issued orders in the matter.

Copy of letter No. 97/34, dated the 6th August 1938, from the Madhowji Dharamsi Manufacturing Company, Limited, to the Association.

The Madhowji Mills have, besides Spinning and Weaving Departments, Bleaching and Dyeing Sheds of their own. To facilitate preparation of statistics under the Indian Cotton Excise Duties Act, the Bleaching and the Dyeing Departments were then considered as a separate factory though a part of the same mills and goods produced in the weaving department were returned for excise purposes. After the abolition of the said act the Bleaching and Dyeing Sheds have been continued to be treated as a separate factory by the Factory Inspector. We have to state that these departments being parts of the same mills we do not want to have them treated as a separate factory.

A letter has been received from the Factory Inspector, No. P.W./7484, of 1938 dated the 4th inst., as per copy enclosed requesting us to alter the wage period for the Bleaching and Dyeing Sheds, from 31st July to 3rd August and afterwards from 4th of one month to 3rd of the next month if payment for the entire mills is to be made on the same day. It is very inconvenient at this late stage to alter the wage period for the 4 days from 31st July to 3rd August and the preparation of the musters also will entail considerable hardship. We would, therefore, feel obliged if you will advise us in the matter and also take it up with the Inspector of Factories so as to make them agree to treat the whole mills including Bleaching and Dyeing Sheds as one factory. All the departments are in one and the same compound and there is free access from one to the other and there is no reason why they should be treated as separate factories.

On hearing from you, we will also write separately to the Factory Inspector.

Copy of letter No. P.W.7484, dated the 4th August 1938, from the Chief Inspector of Factories, Bombay, to the Madhowji Dharamsi Mills Bleaching and Dyeing Works, Bombay.

With reference to your letter No. 97/3, of 30th July 1938, I have to inform you that whilst the Factories Act grants powers to Local Government to declare different departments or branches of one factory to be separate factories for all or any of the purposes of that Act, there is no power to declare different factories as one.

2. The Payment of Wages Act applies to the payment of wages to persons employed in any factory as defined in section 2(j) of the Factories Act, 1934—please also see section 2(i) of the Payment of Wages Act, 1936. There are no powers to grant exemption from the provisions of any of the sections of the latter Act.

3. Under the circumstances, the only manner in which it is possible to arrange payments for both the mills on the same day, is by altering the wage period to firstly a short period, i.e., from 31st July to 3rd August and afterwards from 4th of one month to 3rd of the next month.

Copy of letter No. 3421/175, dated the 17th August 1938, from the Association to the Chief Inspector of Factories, Bombay.

My Committee have had under consideration copies of letters addressed by you to Messrs. The Madhowji Dharamsi Manufacturing Co., Ltd. Messrs. The Century Spinning and Manufacturing Co., Ltd., and Messrs. The Tata Mills, Ltd., etc., in connection with the dates on which wages are being paid by them to the operatives employed in their Bleaching and Dyeing establishments. In these letters you contend that the Bleaching and Dyeing Departments of the mills concerned are "separate factories," employing less than 1,000 workers and that, therefore, the wages of the operatives employed therein should, as laid down in Section 5(1) (a) of the Payment of Wages Act, be paid not later than the 7th day after the expiry of the wage period, which is usually a calendar month. You do not, however, insist on payment on the 7th; on the other hand, you suggest that payment might be made on the 10th. You point out, however, that under the Payment of Wages Act, this would be illegal in factories employing less than 1,000 hands with the calendar month as the wage period, and therefore suggest a change in the wage period from the calendar month's basis to a period commencing from the 4th of one month to the 3rd of the following month, which would make it possible for wages to be paid on the 10th. It would also appear that if the wage period is not changed as indicated, the wages of the workers in the Bleaching and Dyeing establishments in question would have to be paid on the 7th and not on the 10th.

The suggestion for the change in the wage period is based on the assumption that the Departments concerned, which employ less than 1,000 workers, are separate factories and have been declared as such by the Local Government. My Committee are not aware of any special powers of the nature indicated by you conferred on the Local Government under the Payment of Wages Act; if, however, you are referring to powers conferred on the Local Government under Section 6 of the Indian Factories Act, then my Committee would respectfully point out that those powers are specifically limited to the purposes of that Act and that the fixation of dates on which wages of the operatives should be paid can hardly be one of the purposes of the Indian Factories Act.

Even for the purposes of the Factories Act, it appears very doubtful whether the establishments referred to could be treated as separate factories unless "there is an order in writing" issued to that effect by the Local Government.

In these circumstances, my Committee feel that there exists no case for any alteration in the pay days or wage periods in the establishments referred to. Wages in these cases are paid on the 10th, and that perfectly fits in with certain measures taken by Government in connection with their prohibition policy. In the circumstances, my Committee hope that your previous instructions to the mills named might be withdrawn.

Copy of letter No. P.W./8130, dated the 22nd August 1938, from the Chief Inspector of Factories, Bombay, to the Association.

In reply to your letter No. 3421/175, dated the 17th August 1938, I have to say that the following mills have been informed that until otherwise notified the Bleaching and Dyeing Departments will be considered as a portion of the main factory for the purposes of Section 5 of the Payment of Wages Act, 1936. (Annual Returns for Payment of Wages and Factories Acts should, however, be submitted separately as previously.)

- (1) Madhowji Dharamsi Manufacturing Co., Ltd.,
- (2) Tata Mills, Limited,
- (3) Elphinstone Spinning and Weaving Mills Co., Ltd.,

- (4) Hirjee Mills Ltd.,
- (5) Khatau Makanji Spg. & Wvg. Co., Ltd.,
- (6) Morarjee Goculdas Spg. & Wvg. Co., Ltd.,
- (7) Standard Mills Co., Ltd.,
- (8) Century Spinning and Manufacturing Co., Ltd.

APPENDIX 17.

INSURANCE AGAINST WAR AND CIVIL WAR.

Copy of letter No. 150/48, dated the 11th January 1938, from the Association to the Bombay Fire Insurance Association, Bombay.

I beg to refer you to my letter No. 846/48, dated the 19th February 1937, and your acknowledgment No. 893-J/43, dated the 23rd idem, on the above subject, and to enquire whether your Committee have yet reached any decision on the points raised by the Association.

An early reply will be appreciated.

Copy of letter No. 893-K/5, dated the 14th January 1938, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 150/48, of the 11th instant and am directed to inform you that a reply has now been received from the Fire Offices' Committee (Foreign) and as the matter is one which affects the whole country, it has been found necessary to consult the other Fire Insurance Associations in India.

This accounts for the delay in writing you earlier, but it is expected that a revised wording will be brought into use at an early date and full details will be communicated to you as soon as possible.

Copy of letter dated the 30th March 1938, from the Bombay Fire Insurance Association to the Association.

I refer to my letter of the 14th January last and am directed to inform you that my Committee, in consultation with the Fire Offices' Committee (Foreign), London, and Sister Associations in India, have now decided to adopt the following alternative Clauses for insertion in policies issued under this Association's Riot and Civil Commotion Tariff, with effect from 31st March, 1938 :—

Clause A.—Covering Fire damage only.—

“Loss or damage by fire to the property insured directly caused by persons taking part in riots or civil commotions.”

Clause B.—Covering Fire and other damages.—

“Loss of or damage to the property insured (including loss or damage due to fire or explosion) directly caused by persons taking part in riots or civil commotions or by strikers or locked-out workers or by persons taking part in labour disturbances or by persons of malicious intent acting on behalf of, or in connection with, any political organization ; also loss of or damage to the property insured (including loss or damage due to fire or explosion) directly caused by the action of any lawfully constituted Authority in connection with the foregoing perils only.”

It will be observed that the wording under Clause A has been simplified, but the cover afforded by the standard fire policy endorsed with the said Clause does not exclude the risk of fire damage by any of the contingencies which it has been necessary to specify in Clause B.

It will be noted that the cover includes loss or damage caused by the operation of Martial Law and by the Military in connection with Riots, Strikes and Civil Commotion.

These Clauses will be applied to all new insurances and renewals as from the above date.

Copy of letter No. 1999/122, dated the 28th April 1938, from the Association to the Bombay Fire Insurance Association, Bombay.

I am directed to acknowledge the receipt of your letter, dated the 30th March 1938, in which were set out the alternative Clauses which the Fire Offices' Committee (Foreign), London, and Sister Associations in India had decided to incorporate in policies issued under the Fire Insurance Association's Riot and Civil Commotion Tariff with effect from 31st March 1938. This matter has been the subject of detailed consideration by my Committee and has also been discussed informally by the Chairmen of our respective Associations. Before arriving at final conclusions in this matter, I am directed to enquire whether loss or damage by fire to an insured property caused by the forces of the Crown or other persons engaged in suppressing or preventing a riot or civil commotion, would be included in the cover granted under Clause A, *vide* your letter of the 30th March.

We shall be addressing you separately regarding the rates for the reduced cover which appears to be granted by Clause B. In the meantime, I should be glad if you would send a very early reply to the question raised in regard to Clause A.

Copy of letter No. 893-L/25, dated the 8th October 1938, from the Bombay Fire Insurance Association to the Association.

I refer to the first paragraph of your letter No. 1999/122, of the 28th April last, and am directed to inform you that your enquiry was referred to the Fire Offices' Committee (Foreign) and intimation has now been received from that body stating that loss or damage by fire to an insured property caused by the forces of the Crown or by any other lawfully constituted authority in suppressing a riot or civil commotion is not included in the Riot Fire Endorsement (Clause A) and suggesting that such cover should be included.

My Committee have decided to adopt the suggestion and I enclose a copy of a circular I have issued to members on the subject for your information.

Copy of letter No. G.146, dated the 8th October 1938, from the Bombay Fire Insurance Association, to the Representatives of Fire Insurance Offices, Bombay.

I am directed to request you to replace the existing full stop appearing at the end of the first paragraph of Clause A on sheet 4 of the above tariff by a semi-colon and to insert the following :—

“also loss or damage by Fire to the property insured directly caused by the action of any lawfully constituted Authority in connection with the foregoing perils only.”

A revised tariff sheet giving effect to the above addition is being printed and copies will be issued shortly.

Supplies of the revised Clause will be available to Members, and I am to request you to let me know by return, how many copies you will require.

Copy of letter No. 4555/122, dated the 7th November 1938, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter No. 893/25, dated the 8th October 1938, regarding certain amendments in the riot and civil commotion tariff. My Committee have considered the amendments made, and I have no observations to make thereon. I note that notice of the amendments has already been given to all members of your Association and through them to all cotton mills.

APPENDIX 18.

PROPOSED INCLUSION OF "COTTON" UNDER THE SCHEDULE TO THE AGRICULTURAL PRODUCE (GRADING AND MARKING) ACT, 1937.

Copy of circular No. 8181, dated the 30th July 1938, from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to say that the question of adopting a definite cotton policy which would enable 1027 A.L.F.—a superior cotton grown in the Gujerat tract of the Bombay Presidency—to obtain an adequate premium for the superior quality of its lint, has been engaging the attention of my Committee for a number of years. At its meeting held in January last, the Committee, while considering this subject, felt that the crux of the problem centred round the better marketing of 1027 A.L.F. cotton. For this purpose it was suggested that the Agricultural Produce (Grading and Marking) Act, 1937, should be utilised in order that this cotton might be marketed as a special grade of Surat cotton, and that the advisability of addressing the Government of India for the inclusion of "Cotton" in the Schedule under the said Act to enable specified varieties of cotton to be protected under it should be examined.

The subject was accordingly considered by my Local Sub-Committee at its meeting held on the 8th June 1938, and it was decided that, as a first step, the Government of India should be requested to include cotton in the Schedule under the Agricultural Produce (Grading and Marking) Act, 1937, to enable specified varieties of cotton to be protected under it, and that, in the meantime, the papers on the subject should be circulated to your Association for opinion. The intention is that once cotton is included in the Schedule, specified varieties of cotton produced in specified areas should be marked with a special mark, the unauthorised use of which would be illegal under the Act. Special rules under the Act would, of course, have to be framed to give effect to this.

A copy of the Act is enclosed for ready reference. I should be grateful if you would be so good as to place the recommendations of my Committee before your Association and to communicate to me at a very early date their views on the subject.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act of the Indian Legislature received the assent of the Governor-General on the 24th February 1937, and is hereby promulgated for general information :—

Act No. I of 1937.

An Act to provide for the grading and marking of agricultural produce.

WHEREAS it is expedient to provide for the grading and marking of agricultural produce; it is hereby enacted as follows :—

1. *Short title and extent.*—(1) This Act may be called the Agricultural Produce (Grading and Marking) Act, 1937.

(2) It extends to the whole of British India including British Baluchistan and the Santhal Parganas but excluding Burma.

2. *Explanation.*—In this Act, unless the contrary appears from the subject or context,

(a) “agricultural produce” includes all produce of agriculture or horticulture and all articles of food or drink wholly or partly manufactured from any such produce, and fleeces and the skins of animals ;

(b) “counterfeit” has the meaning assigned to that word by section 28 of the Indian Penal Code ;

(c) “covering” includes any vessel, box, crate, wrapper, tray or other container ;

(d) “grade designation” means a designation prescribed as indicative of the quality of any scheduled article ;

(e) “grade designation mark” means a mark prescribed as representing a particular grade designation ;

(f) “quality,” in relation to any article, includes the state and condition of the article ;

(g) “prescribed” means prescribed by rules made under this Act ;

(h) “scheduled article” means an article included in the Schedule ; and

(i) an article is said to be marked with a grade designation mark, if the article itself is marked with a grade designation mark or any covering containing or label attached to such article is so marked.

3. *Prescription of grade designations.*—The Governor-General-in-Council may, after previous publication by notification in the *Gazette of India*, make rules :—

(a) fixing grade designations to indicate the quality of any scheduled article ;

(b) defining the quality indicated by every grade designation ;

(c) specifying grade designation marks to represent particular grade designations ;

(d) authorising a person or a body of persons, subject to any prescribed conditions, to mark with a grade designation mark any article in respect of which such mark has been prescribed or any covering containing or label attached to any such article ;

(e) specifying the conditions referred to in clause (d) including in respect of any article conditions as to the manner of marking, the manner in which the article shall be packed, the type of covering to be used, and the quantity by weight, number or otherwise to be included in each covering ;

(f) providing for the payment of any expenses incurred in connection with the manufacture or use of any implement necessary for the reproduction of a grade designation mark or with the manufacture or use of any covering or label marked with a grade designation mark ; and

(g) providing for the confiscation and disposal of produce marked otherwise than in accordance with the prescribed conditions with a grade designation mark.

4. *Penalty for unauthorised marking with grade designation mark.*—Whoever marks any scheduled article with a grade designation mark, not being authorised to do so by rule made under section 3, shall be punishable with fine which may extend to five hundred rupees.

5. *Penalty for counterfeiting grade designation mark.*—Whoever counterfeits any grade designation mark or has in his possession any die, plate or other instrument for the purpose of counterfeiting a grade designation mark, shall be punishable with imprisonment which may extend to two years, or with fine, or with both.

6. *Extension of application of Act.*—The Governor-General-in-Council, after such consultation as he thinks fit of the interests likely to be affected, may, by notification in the *Gazette of India*, declare that the provisions of this Act shall apply to an article of agricultural produce not included in the Schedule, and on the publication of such notification, such article shall be deemed to be included in the Schedule.

The Schedule.

(See Section 2.)

- | | |
|-------------------|----------------------------------|
| 1. Fruit. | 5. Tobacco. |
| 2. Vegetables. | 6. Coffee. |
| 3. Eggs. | 7. Hides ^a and Skins. |
| 4. Dairy produce. | |

Copy of letter No. 3393/214, dated the 16th August 1938, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your circular No. 8181, dated the 30th ultimo, in which you request my Committee to express an opinion on a proposal to approach the Government of India to secure the inclusion of 'Cotton' in the Schedule attached to the Agricultural Produce (Grading and Marking) Act, 1937, to enable specified varieties of cotton to be protected under that Act. In reply, I am desired to point out that the proposal to amend the Schedule of the Agricultural Produce (Grading and Marking) Act in the direction suggested by the Indian Central Cotton Committee has received my Committee's support. It is, however, understood that before any particular variety of cotton is sought to be protected under the Act, this Association will be given an opportunity of expressing its views thereon.

Government of India, Department of Education, Health and Land's notification No. F.-57-3/39, dated New Delhi, the 23rd March 1939.

In exercise of the powers conferred by section 6 of the Agricultural Produce (Grading and Marking) Act, 1937 (I of 1937), the Central Government is pleased to declare that the provisions of the said Act shall apply to the following articles of agricultural produce, namely :—

- (i) Fruit products.
- (ii) Ata.
- (iii) Oilseeds.
- (iv) Vegetable oils (including hydrogenated oils and vegetable fats).
- (v) Cotton.
- (vi) Rice.

APPENDIX 19.

PROPOSED MARKETING SURVEY OF COTTON IN INDIA.

Copy of circular No. 5475, dated the 22nd March 1938, from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to forward herewith a copy of the proposed scheme* for a marketing survey of cotton in India, prepared by Mr. A. M. Livingstone, Agricultural Marketing Adviser

*Not printed.

to the Government of India. This scheme was considered by my Committee at its meeting held on the 26th January 1938, and it was decided that it should be circulated to commercial bodies for opinion.

I am accordingly to request you kindly to favour me with the views of your Association on the scheme at your early convenience.

Copy of letter No. 2156/118, dated the 12th May 1938, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your circular letter No. 5475, dated the 22nd March 1938, enclosing a copy of the proposed scheme for a marketing survey of cotton in India, prepared by Mr. A. M. Livingstone, Agricultural Marketing Adviser to the Government of India, and requesting my Committee to express an opinion thereon.

My Committee have carefully considered the scheme and they agree that such a survey would be of great utility as an aid to securing to the agriculturists full prices for the produce of their lands by (i) improving marketing conditions, (ii) checking and controlling, if not eradicating, malpractices like watering and mixing, and (iii) giving cotton, particularly all improved varieties, a few distinct names such as would be readily understood by the Trade. After studying the details of the proposed survey, my Committee would like to put forward the following suggestions for your consideration.

It has been proposed that in order to carry out the survey properly and expeditiously, three Regional Marketing staffs, working under a Principal Marketing Officer, should be established with headquarters at Bombay, Lahore, and Delhi; and that for administrative convenience, the office of the Principal Marketing Officer should be located at Delhi; and that it should work in close co-operation with the office of the Agricultural Marketing Officer, and that the other two Regional Offices should each be in charge of a Senior Marketing Officer. My Committee feel that it would be an improvement if there were three Regional headquarters—one at Bombay covering Bombay, Madras and Nizam's Dominions; the second at Lahore covering N.W.F.P., the Punjab, Sind and Rajputana; and the third at Nagpur covering the Central Provinces, Berar and Central India. Although the proposal which my Committee have put forward would entail a slight increase in costs, they are of the opinion that the survey would be much more accurate than that proposed and would more than compensate for the extra expenditure.

In Chapter I which deals with the distribution and production etc., of world cotton, my Committee would like to suggest the inclusion of the following two additional heads in "A. I. Acreage":—

- (1) Adequate provision for drainage where necessary; and
- (2) Soil manuring.

In regard to Chapter IV, in which mention is made of the method and time of picking, my Committee wish to indicate that sufficient attention does not appear to have been paid to cleaner picking. If agriculturists are educated in improved methods of picking, then with a small additional cost, they would be bound to secure relatively higher prices than at present. In some places, picking is done at the wrong time, and if the proper time were chosen, much improvement would result. The agriculturists should, in my Committee's opinion, be trained to understand that the addition of dirt, dust and leaf does not in the long run react to their advantage.

Another suggestion which my Committee would like to make in this Chapter is in respect of the note which it is proposed to incorporate on the mixing of cotton, etc. It is the considered view of my Committee that the most important part of the survey should be to find out ways and means to do away with those malpractices which ultimately bring discredit to Indian cotton, lower prices to agriculturists and inferior qualities to manufacturers. My Committee would, therefore, suggest that the survey should devote particular attention to

the mixing of long and short staple cottons and the mixing of different varieties. At present, it is often found that new improved types, as soon as they become available in fair quantities, are used for the purpose of mixing with old inferior varieties, and infinite harm is thereby done to the reputation of the new variety. In these circumstances, it is suggested that an entire Chapter should be devoted to this subject from which it should be possible to find out :

(i) the extent to which mixing is done in the fields where the same man grows two varieties ; the means taken to keep them separate ; the districts in which this type of mixed growing occurs and simple methods which might be adopted to keep varieties separate ; and

(ii) the extent to which mixing is due to mixed seeds. My Committee are definitely of the opinion that provision must be made for the supply of pure seeds, for, if the agriculturists are unable to get pure seeds and have to buy what they can easily procure, the problem of mixing will always remain with us.

This would lead to considerations of matters like the separate ginning of improved and inferior varieties of cotton, and in this connection, my Committee suggest that the following problems, among others, will need to be seriously considered if the marketing question is to be adequately handled :

(i) The extent to which the mixing of *kapas* takes place in ginneries ; how far is it deliberate, and whether any arrangements for keeping seeds separate exist ?

(ii) Is cotton of different varieties also mixed at the ginneries before being pressed ?

(iii) What is the extent of fraudulent mixing at the press ?

In Chapter IV under the heading "market practices," my Committee trust that detailed attention will be given to the elimination of useless middlemen.

My Committee note that in several places the words "yellow cotton" occur, and they would like to suggest that these words should be replaced by the phrase "stained cotton."

Lastly, in the chart attached to the scheme, it is stated that from hand-ginned cotton only hand-spun yarn is produced. My Committee would point out that this is not so and that hand ginned cotton is also used by mills in fair quantities.

APPENDIX 20.

COLLECTION OF STATISTICS OF ARRIVALS OF RAW COTTON INTO BOMBAY BY ROAD.

Copy of letter, dated the 6th October 1938, from the East India Cotton Association, Limited, to Messrs. Thackersey Moolji & Co., Agents, Hindustan Spg. and Wvg. Mills, Ltd., Bombay.

As you are aware increasing quantities of cotton are arriving in Bombay from up-country (Khandesh, Berar, etc.,) by motor lorry.

In the absence of actual figures of such arrivals, the statistical figures compiled and published by the Association under the heading "Arrivals into Bombay" are becoming vitiated and in a few years hence, when vital questions may arise, the figures then available would not portray the actual movements of cotton for former seasons.

In view of this, a representation was made by the Association to the Government of Bombay, Revenue Department, in April 1937, pointing out the importance of these

statistics to the Cotton Trade and suggesting that Government should entrust the work of collecting the figures required to their excise staff at the two main arterial approaches to the City, namely, Sion and Mahim, but it is understood that Government are unable to undertake the compilation of statistics of road-borne imports of cotton into the Town and Island of Bombay, until it possesses the necessary statutory powers to stop vehicles for the purpose, and that the question of the form which such legislation should take is at present being examined by Government.

As the contemplated arrangement by Government may take some time to materialize, the Board of Directors have decided, in the meantime, to collect the figures of arrivals of cotton into Bombay by road from members by requesting them to fill in a statement showing by styles their receipts of such cotton throughout last season and also to fill in a similar statement regularly once a month.

In accordance with the above decision of the Board, I am now to request you to kindly return the enclosed two statements* to the Clearing House duly filled in, by showing in one the arrivals of cotton into Bombay by road during the year ending 31st August 1938, and in the other the arrivals during the month of September 1938.

I may mention for your information that when publishing the figures of arrivals of cotton into Bombay by road, the names of members submitting the returns will not be disclosed.

Copy of letter No. 4413/248, dated the 27th October 1938, from the Association to all Members of the Association in the City and Island of Bombay.

The attention of the Committee has been drawn to a circular, dated the 6th October 1938, issued by the East India Cotton Association, Ltd., requesting mills to furnish that Association with figures showing the arrivals of cotton into Bombay by road. The Committee recommend that the information asked for by the East India Cotton Association should be regularly supplied by member mills. It is understood that blank forms would be furnished from time to time by the East India Cotton Association, and these forms should be filled in and returned by member mills as early as possible.

APPENDIX 21.

BETTER PRICES FOR LONG-STAPLE COTTON GROWN IN INDIA.

Copy of letter No. 988, dated the 15th October 1938, from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to enclose copy of a letter on the above subject from Mr. Chellaram Shewaram, Karachi, a member of my Committee, and to request you to be so good as to favour me with the views of your Association in the matter.

Copy of letter, dated the 17th August 1938, from Mr. Chellaram Shewaram, Karachi, to the Indian Central Cotton Committee, Bombay.

In the last meeting of the Committee when the advisability of growing of long-staple cotton was under discussion, it was the general complaint of the representatives of the growers that they were not able to obtain sufficient prices for the new strains to compensate the loss in yield per acre, the ginning percentage and the low quality of seed ; though the cotton is said to be better spinning than the old strains. I am doubtful and so may be other members that the mills do not utilize these quality cottons for the counts they are actually suitable,

* Not printed.

thus lowering the value of cotton. In foreign countries the experiments are made on inferior cottons for better counts but unfortunately in our country the case is the reverse. The new crop of Sind Sudhar October, November and December deliveries is selling to-day at Rs. 36 on Broach April/May Bombay F.O.R. The above cotton will be selected in the factory by the buyer and ginned under his supervision. I have given this only as an illustration to show the trend of the market.

I, therefore, suggest that a committee of experts be appointed to investigate whether maximum use to which quality cottons can be put is made of it and also to suggest ways to enable these cottons to fetch better prices.

Copy of letter No. 4793/265, dated the 23rd November 1938, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 988, dated the 15th October 1938, requesting my Committee to express an opinion on certain points made by Mr. Chellaram Shewaram, in his letter, dated the 17th August 1938, addressed to your Committee. Briefly stated, Mr. Chellaram suggests :—

- (1) Growers are not able to obtain sufficient prices for the new strains to compensate the loss in yield per acre, the low ginning percentage and the low quality of seed. For instance, Mr. Chellaram points out that Sind Sudhar October/November/December deliveries were selling to-day (17th August), at Rs. 36 on Broach April/May, F.O.R. Bombay.
- (2) Mills do not utilize quality cottons for the counts they are capable of spinning ; in other words, the suggestion is that these cottons are being utilized to spin yarn of lower counts than they are capable of spinning.

On the first issue, my Committee are agreed that it may be taken as a general proposition as far as Bombay or any other important manufacturing centre is concerned that pure and good grade long-staple cottons always fetch full premiums as there is always a demand for such cottons ; in fact, in certain seasons of the year, very high premiums have to be paid owing to scarcity of supplies. Mr. Chellaram has stated in his letter that Sind Sudhar was being quoted at Rs. 36 on Broach for October/November and December deliveries, F.O.R. Bombay. It is not clear whether this was the ruling quotation at Karachi or in any centre in the cotton area, but my Committee find that the very same cotton was being quoted at about Rs. 40 to Rs. 45 on Broach, and it would appear that at one time it was actually sold at Rs. 50 on Broach. It is at present quoted at about Rs. 60 on Broach in Bombay. My Committee understand that 289F and other staple varieties are at present mixed with inferior cottons. If, therefore, staple cottons are to command full premiums, then it is essential that they should be marketed pure, and it is hoped that the Indian Central Cotton Committee will continue their efforts to prevent mixing and other malpractices which are known to exist in or about the areas where staple cotton is grown.

Mr. Chellaram complains about the low quality of seed, but this is a matter which could be set right by the Indian Central Cotton Committee.

With regard to the second point raised by Mr. Chellaram, I am desired to point out that it would be an uneconomic proposition for any mill in Bombay to utilize quality cotton in the manner suggested by Mr. Chellaram. Mr. Chellaram's contention probably is that the count of yarn usually spun by mills from such cotton is lower than the count which could be spun according to laboratory tests. If this is so, then my Committee would point out that it is a well-known fact that laboratory results all over the world always yield better results than those obtained by the trade on account of the individual attention and better working conditions which can be obtained in the former. Another factor which must be borne in mind is that the highly satisfactory results shown by laboratory tests are often obtained by giving

yarns an abnormally high number of turns per inch. The lower twisted yarns generally produced by mills to suit consumers' requirements for a "good covering" yarn, cannot satisfactorily be turned out without impairing their tensile strengths unless there is a reasonable margin between the count of yarn spun and the extreme count of yarn which could be spun from any particular variety of cotton by inserting a high number of turns per inch.

In this connection, I am to invite your attention to your letter No. 263, dated the 21st September 1932, addressed to the Secretary, Indian Tariff Board, which deals with the points raised by Mr. Chellaram Shewaram.

APPENDIX 22.

MORE LOOMS PER WEAVER SYSTEM IN INDIA.

Copy of letter No. 1118, dated the 21st October, 1938, from the Indian Central Cotton Committee, Bombay, to the Association.

I am directed to forward the attached copy of a proposal sent by Lala Shri Ram, for consideration by my Committee at its next meeting to be held in November next and to request you kindly to favour me with the views of your Association at as early a date as possible.

Resolution by Lala Shri Ram.

The Indian Textile Industry is the single biggest consumer of Indian cotton and the consumption is steadily mounting every year. It is believed that this year it will consume nearly as much as 37 lacs of bales. There is, besides, a very great possibility in the future of the Indian Textile Mills consuming more and more of Indian cotton. I personally believe that in the next few years the requirements of Indian mills will reach the figure of 4 million bales. If so, the fear which is constantly in the minds of those who are in any way connected with cotton should disappear for a long time to come. The Indian crop varies from five to six million bales. An average of 5½ million bales will be a generous estimate. Due to the peculiar qualities of Indian cotton and for other reasons, it would be safe to think that for many years customers of Indian cotton will have to buy from 1½ million to 2 million bales. If I am not far wrong in my estimates then India's position in fiscal matters, particularly at the time of negotiating trade agreements will become very strong in the near future. The whole thing, however, will depend upon the fact of Indian Mills consuming 4 million bales. As I have said above they can and will, but it will be necessary for the I.C.C.C. to help them in reaching this much desired goal. My impression is that the increase in the consumption of cloth as of everything else in India, depends upon its price and to increase the consumption of cloth in India (which is practically the only market and will be in the near future also) it is necessary to reduce the cost of cloth. Since it is unthinkable and undesirable to pay still lower price for the raw material, the economy has to be looked for only in manufacturing costs. I feel that there is not much room for this in the spinning section of the Industry, and we have to look for it in the weaving. It is common knowledge that while a girl who is paid not more than 1 yen or about Ans. 12/- in Japan looks after 12 looms or one anna per loom per day, a weaver in India gets on an average Rs. 1-8 for looking after two looms or Ans. 12/- per loom per day, i.e., 12 times as much as in Japan. It is, therefore, here that experiments and researches are necessary. Experience has shown however, that every millowner in India has known this fact for many years but no one has so far succeeded in reaching Japanese standards, which proves that the task is such as cannot be tackled by individual millowners and must be tackled by a corporate body. I think, there is no other organisation more suitable than the Indian Central Cotton Committee and any sums of money it spends in making experiments on different kinds of machines whether for winding, warping, sizing or weaving and with different kinds of size mixing and of working under temperature, etc., etc., will be very usefully

spent. I, therefore, propose to move a resolution that a sum of Rs. 3 lacs for preliminary expenditure and of Rs. 50,000 to Rs. 75,000 for recurring expenditure for a period of five years be sanctioned for the Matunga Laboratory with the object of finding conditions under which it will be possible for one weaver to look after at least eight looms if not more. I will, therefore, be obliged if you will please put this resolution for consideration for the next meeting of the Indian Central Cotton Committee to be held at Lyallpur on 15th November 1938.

Copy of letter No. 4792/255, dated the 23rd November 1938, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 1118, dated the 21st October 1938, with which was forwarded copy of a letter received from Lala Shri Ram, suggesting that the Indian Central Cotton Committee should undertake experiments with a view to ascertaining the conditions under which it would be possible for one weaver to look after at least eight looms. Lala Shri Ram further proposes that, for the purpose of carrying out these experiments, the Indian Central Cotton Committee should allot a sum of Rs. 3 lakhs for preliminary expenses and a further sum of Rs. 50/75,000 per annum for recurring expenditure for a period of five years.

My Committee have very carefully considered the whole matter, and while they are in complete agreement with Lala Shri Ram regarding the necessity of undertaking experimental work in this country in the direction indicated, it is, in the first place, somewhat doubtful as to whether such experimental work would really fall within the functions of the Indian Central Cotton Committee and whether any portion of their funds could be devoted to it. Secondly, as has been pointed out by several members of my Committee, any research work on the lines indicated by Lala Shri Ram carried out by the Indian Central Cotton Committee in their Technological Laboratory is not likely to have the same value, from a practical point of view, as tests and experiments which are constantly being made under actual mill conditions. The possibilities of allotting more looms per weaver should, in the opinion of my Committee, be investigated on a considerable scale, and this could only be done effectively by mill authorities, and work of this character is constantly in progress in the Indian Cotton Mill Industry. Progress has, to some extent, been hampered upto now by the generally poor quality and staple of the Indian cotton crop, and my Committee would strongly urge that the Indian Central Cotton Committee, working in collaboration with the Agricultural Departments of the Provinces, should concentrate its efforts on improving the grade and staple of the cottons grown in the country. My Committee also deem it essential that long-staple cotton, wherever it is grown, should not be allowed to be mixed with inferior cottons, and should always be marketed in pure condition.

APPENDIX 23.

CONSUMPTION OF LOOSE (UNPRESSED) COTTON BY BOMBAY MILLS.

Copy of letter No. 5370, dated the 14th May 1938, from the East India Cotton Association, Limited, to the Association.

I am directed to enclose herewith, for your information, a copy of letter No. 6141 of 1938 dated 20th April 1938, received from the Secretary, Indian Central Cotton Committee, and to request you to furnish me, at an early date, the information referred to therein.

Copy of letter No. 6141, dated the 20th April 1938, from the Indian Central Cotton Committee, Bombay, to the East India Cotton Association, Limited.

I have the honour to say that on the basis of the returns furnished by mills under the Indian Cotton Cess Act, 9,008 bales of 400 lbs. each of ginned unpressed cotton were consumed in mills in the City and Island of Bombay during the year ending 31st August 1937. From the rail-borne trade returns, however, it is seen that only 149 bales of unpressed cotton (including half-pressed bales) were imported by rail into the City and Island of Bombay during the same period. As it is unlikely that so large a quantity of unpressed cotton could have been imported by road, it has been suggested that the difference might be due to samples taken out of pressed bales at Sewri being shown as unpressed cotton in the mill returns. Should this be the case, it would result in such samples being accounted for twice, once under cotton pressed and again under 'loose cotton consumed.' I shall, therefore, be obliged if you will kindly let me know whether large quantities of samples in loose form are purchased from Sewri by mills in the City and Island of Bombay and, if so, what quantity was purchased during the year ending 31st August 1937. It may also kindly be stated whether any ready loose cotton (other than samples from pressed bales) is sold at Sewri.

Copy of letter No. 2487/160, dated the 7th June 1938, from the Association to the East India Cotton Association, Limited, Bombay.

I am directed to acknowledge the receipt of your letter No. 5370, dated the 14th May 1938, with which was enclosed a copy of a letter addressed to you by the Secretary of the Indian Central Cotton Committee. The Central Cotton Committee's letter called attention to the fact that according to the returns furnished by mills under the Indian Cotton Cess Act, 9,008 bales of unpressed cotton were consumed by mills in Bombay City and Island during the year ending 31st August 1937, and that this figure was greatly in excess of the quantity of unpressed cotton imported into Bombay by rail during the same period. From enquiries made amongst the members of my Committee, it has been ascertained that a number of mills in Bombay do purchase loose boras made up from burst bales and Sewri samples. We have no exact figures as to the consumption by each individual mill, but there is no reason to believe that the figures furnished under the Indian Cotton Cess Act are incorrect. My Committee are inclined to agree that in so far as the great bulk of unpressed cotton is concerned, it is being accounted for twice in the returns, but the total consumption of loose cotton is so small compared with the total consumption of pressed cotton that it seems unnecessary to call for detailed figures from individual mills for past years.

APPENDIX 24.

STAPLE LENGTHS FOR EAST AFRICAN COTTON.

Copy of letter, dated the 12th July 1938, from the Cotton Buyers' Association to the Association.

I am directed to forward herewith for your information copy of a letter, dated the 20th June 1938, addressed by this Association to the Secretary, East India Cotton Association, Limited, on the subject of staple lengths of African Cotton.

Copy of letter, dated the 20th June 1938, from the Cotton Buyers' Association to the East India Cotton Association, Limited, Bombay.

My Committee understand that the question of revision of the present staple stipulation governing surveys and appeals on African Cotton is about due for consideration by your Association.

My Committee would like to take this opportunity to recall your attention to a representation, dated 29th June 1937, addressed by this Association urging the adoption by your Association of the U.S.A. Universal Standard 1-1/16" as the basis for staple lengths of African Cotton for the season 1937/38. This suggestion was, however, unacceptable to your Association in so far as the 1937-38 season crop was concerned but in your communication No. 367-A/75, dated 23rd of September last, my Association was assured that the position of the staple length would be reviewed by your Association in the light of experience gained of the working of the present staple stipulation before deciding upon the staple length for the year 1938-39.

My Committee now beg to submit that the present staple stipulation, viz., 1-1/16" as ordinarily judged by the trade to govern surveys and appeals on African Cotton is quite indefinite and unsatisfactory unless it is backed by staple standards for a staple stipulation such as the above, for high priced cotton like the African Cotton, they feel, is entirely at the mercy of individual conception, and is, therefore, liable to considerable variation in the judgment thereof. Such a position, my Committee hold, is neither in the interests of buyers nor sellers of African Cotton and as the setting up of staple standards should not at all confront any difficulty to your Association on account of the number of experts in the Trade both on the buying and selling side, they are definitely of the opinion that your Association should, in the interests of the trade, adopt definite staple standards for African Cotton.

As the question of revision of the present staple stipulation is shortly to be reviewed by your Association, my Committee will be glad to be assured that your Association are agreeable to the acceptance of the principle of staple standards for African Cotton at least from the next season onwards.

Copy of letter No. 3247/213, dated the 4th August 1938, from the Association to the East India Cotton Association, Limited, Bombay.

The attention of my Committee has been drawn to a letter, dated the 20th June 1938, addressed to you by the Cotton Buyers' Association, in which they suggest the desirability of your Association accepting the principle of staple standards for African cotton from the next season onwards.

As you are aware, the Committee of this Association have repeatedly pressed the need for the East India Cotton Association adopting U.S.A. staple standards as the basis of staple length for Uganda cotton, in lieu of the existing description of 1-1/16" "*as ordinarily judged by the Trade*," which, in their view, is indefinite inasmuch as the Buyers' and Sellers' ideas of a described staple length are bound to differ. My Committee still hold this view, and they, therefore, trust it will be possible for your Board to see their way to accept the suggestion made by the Cotton Buyers' Association at least from the coming season.

Copy of letter No. 3903/A/75(a), dated the 24th January 1939, from the East India Cotton Association, Limited, to the Association.

With reference to your letter No. 3247/213 of 1938, dated 4th August 1938, I am directed to inform you that the Board have resolved that Notice No. 741/A/75, dated 26th August 1937, be republished as applicable to contracts for the season 1938-39 crops and that consideration of the suggestions made in your letter be postponed.

APPENDIX 25.

INSURANCE RATE FOR EAST AFRICAN COTTON.

Copy of letter No. 400-A/17, dated the 6th June 1938, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 3922/73, of the 20th October last, and am directed to enclose, for your information, a copy of a letter, dated 6th instant, addressed by this Association to the East India Cotton Association, Limited.

Copy of letter No. 400-A/16, dated the 6th June 1938, from the Bombay Fire Insurance Association to the East India Cotton Association.

With reference to your letter No. 957/E/246A, of 30th October last, I am directed to inform you that the subject has received the further careful consideration of my Committee and they regret they are unable to allow any reduction in the present rate applicable for the insurance of East African Cotton.

Moreover, in view of the new types of cotton now being imported into India, they consider that the classification of cotton bales by the name of the country or district of origin is not a suitable basis for insurance rating. Regional classification is cumbersome and apart from this there is no guarantee that all cotton from the same territory will be pressed to the same density.

The Committee have, therefore, decided to classify cotton bales for insurance purposes according to the density of the bale.

A density of 34 lbs. per cubic foot or over will entitle bales to be rated as Full Pressed. Thus Indian and Egyptian cotton will continue to be rated as at present, while the rates for American and Uganda Cotton and other types pressed in iron bound bales to a density of less than 34 lbs., per cubic foot will also remain as they are.

The density of cotton bales will be calculated as by the trade, by dividing the net weight of cotton in the bale by the cubic capacity in feet based on overall measurements of the bale.

With regard to your contention that experience has shown that fire loss on African bales has been no greater than on Indian bales and the incidence of fire possibly much less, I am to say that my Committee are not aware of any reliable statistics in support of this, but in any event the fact remains that density is a most important factor in the fire resistive qualities of a bale and also as regards resistance to water penetration, the significance of which will no doubt be appreciated. In considering the practice of Marine Underwriters, it should be remembered that a Marine Insurance Policy covers many risks in addition to Fire and the cases are, therefore, not analogous. In this connection, I am directed to refer you to my letter of June 17th last in which this aspect of the case was dealt with.

Copy of letter No. 2877/197, dated the 6th July 1938, from the Association to the Bombay Fire Insurance Association.

I am writing to acknowledge the receipt of your letter No. 400-A/17, dated the 6th June 1938, covering a copy of a letter addressed by you to the East India Cotton Association on the subject of insurance rates for East African Cotton in Bombay.

My Committee desire me to inform you that they cannot agree with your contention that density of cotton bales constitutes the most satisfactory method of fixing the rates of premia payable on various types of cotton, and that the less dense the packing, the greater is the risk by fire and water damage. They maintain that it has not been demonstrated that, in actual practice, fire loss had been greater in the case of African cotton than in the case of Indian cotton, which is, of course, more heavily pressed. My Committee desire to reiterate that the only satisfactory means of estimating the reasonableness or otherwise of a particular rate of premium is the actual claims experience ; and on this basis, they consider it unreasonable to charge a higher rate of premium for African cotton than for Indian cotton.

Even if the claims experience had shown that there was some justification for a higher rate of premium in the case of African cotton, it is palpably inequitable to charge the higher rate of premium applicable to African cotton to the whole of the contents of a godown containing African and other cottons. We have in a previous representation referred to this matter and the difficulties of arranging for separate storage accommodation for different types of cotton ; and this difficulty may be even greater when the rates of premium are assessed according to bale densities, since it would be necessary to arrange for storage in separate godowns of bales of cotton pressed to varying densities.

My Committee hope that the Fire Insurance Association will agree to re-consider their decision, if, on an examination of the claims received in respect of African cotton, it is found that the loss experience is no greater than it has been in the case of Indian or Egyptian cotton.

Copy of letter No. 400-A/19, dated the 14th July 1938, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 2877/197, dated 6th instant, and am directed to inform you that my Committee feel that it would be of advantage to discuss this matter with some members of your Committee and I shall be glad to know whether a meeting for this purpose can be arranged.

Copy of letter No. 400-A/25, dated the 12th August 1938, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 2877/197, of the 6th ultimo, and the joint meeting of our respective Sub-Committees held on the 29th idem and am directed to inform you that my Committee have reconsidered the matter and they are now agreeable to East African and Sudan cotton bales being classed the same as Indian and/or Egyptian cotton bales for rating purposes.

The necessary tariff circular giving effect to this decision will be issued to our members shortly.

Copy of letter No. 3381/197, dated the 15th August 1938, from the Association to the Bombay Fire Insurance Association.

I thank you for your letter No. 400-A/25, dated the 12th August 1938.

My Committee note with pleasure that you have now agreed to East African and Sudan cotton bales being classed the same as Indian and/or Egyptian cotton bales for rating purposes.

Copy of letter No. 3369/197, dated the 15th August 1938, from the Association to all Members of the Association.

As members are aware, the question of the distinction drawn between Indian and East African cotton in the matter of fire insurance rate has for some time been the subject of correspondence between the Association and the Bombay Fire Insurance Association. The

matter was discussed at a joint meeting between a special Sub-Committee of the Association and representatives of the Fire Insurance Association, and I have pleasure in informing you that the Fire Insurance Association are now agreeable to East African and Sudan cotton bales being classed the same as Indian and/or Egyptian cotton bales for rating purposes.

APPENDIX 26.

SAMPLE COTTON BYE-LAWS OF THE EAST INDIA COTTON ASSOCIATION.

Bombay Finance Department Notification dated 7th January 1938.

BOMBAY COTTON CONTRACTS ACT, IV OF 1932.

No. 5789-D.—In modification of Government Notification (Finance Department), No. 5789-D, dated the 31st March 1937, the Government of Bombay is hereby pleased to direct that the amendments to the Bye-laws of the East India Cotton Association, Ltd., made by the Board of Directors of the said Association under Section 6 of the Bombay Cotton Contracts Act, 1932 (Bom. IV of 1932), and published in the said notification are hereby sanctioned :—

Provided that the sanction hereby accorded shall except in the case of amendments to Bye-laws 101 and 112 remain in force for a period of one year from the 1st April 1938.

Copy of letter No. 680/64, dated the 15th February 1938, from the Association to the Cotton Buyers' Association, Bombay.

I am directed to refer to your D. O. letter*, dated the 20th January 1938, in connection with the new Sample Bye-law 112 of the East India Cotton Association, Ltd. My Committee note that, though the Bye-law clearly entitles the seller to enforce payment in respect of samples delivered to the buyer, the former does not, in practice, insist on strict compliance with the Bye-law, as a result of an understanding reached between the Cotton Buyers' Association and the Muccadams' Association. For the present, at any rate, this understanding exists only as an understanding in the sense that one cannot discount the possibility of it being broken at any time. My Committee cannot contemplate this position with equanimity. They do not see the justification for the existence of a Bye-law in the Bye-laws of the East India Cotton Association, Limited, which the parties themselves agree not to adhere to, and they feel that the best way of giving effect to such an agreement would be by repealing the existing Bye-law and adopting in its stead the old Bye-law with any amendments which may be necessary. My Committee are aware that a requisition signed by several members of the Cotton Buyers' Association and also the Muccadams' Association requesting the East India Cotton Association to repeal the Bye-law was prepared some time ago under the auspices of your Association, but for reasons which are not clear to us, this requisition does not appear to have been presented to the East India Cotton Association. If the Muccadams' Association concede the principle that the buyer should not be made to pay for the samples supplied to him by the seller—the proof of which lies in the fact that payment is not at present being insisted upon—there would appear to be no difficulty in securing the cancellation of this Bye-law at a general meeting of the East India Cotton Association especially if the Buyers and Muccadams voted together. In the circumstances, my Committee urge the desirability of your Committee re-considering the whole position with a view to securing the repeal of the new Bye-law and the re-insertion of the old Bye-law.

* Not printed.

Copy of letter dated the 16th February 1938, from the Cotton Buyers' Association to the Association.

I beg to acknowledge receipt of your letter No. 680/64, dated the 15th instant. The position arising out of permanent sanction having been accorded by Government to Bye-law 112, relating to sample cotton, was discussed by my Committee at their meeting held on 28th January 1938, when it was agreed that Mr. J. Vonesch, the Acting President of the Association should see the President of the Muccadams' Association in the matter.

As a result of this meeting, it is now understood that the sellers are willing to support my Association in getting the Bye-law repealed. This support of sellers has, however, necessitated a slight revision in the original requisition and the revised requisition is at present under circulation to our members for their signatures after which it will be forwarded to the sellers for their signatures and submitted to the East India Cotton Association as soon as the requisite number of signatures thereon are obtained.

APPENDIX 27.

CONTROL OF FORWARD TRADING IN THE BOMBAY PRESIDENCY.

Copy of letter No. 2902-D, dated the 3rd May 1938, from the Secretary to the Government of Bombay, Finance Department, to the Association.

The Government of Bombay have recently given close attention to a study of forward trading in this Province both in stocks and shares and in commodities generally. This examination has revealed that the existing position is unsatisfactory and that, if Government are to exercise effective control over forward trading in the interests of the public, it may become necessary for them to amend the law.

2. The law applicable to contracts for the purchase and sale of stocks and shares is the Bombay Securities Contracts Control Act, 1925 (Bombay Act VIII of 1925). Section 6 of this Act is as follows :—

“ 6. Every contract for the purchase or sale of securities, other than a ready delivery contract, entered into after a date to be notified in this behalf by the Governor-in-Council shall be void, unless the same is made subject to and in accordance with the rules duly sanctioned under section 5 and every such contract shall be void unless the same is made between members or through a member of a recognised stock-exchange ; and no claim shall be allowed in any Civil Court for the recovery of any commission, brokerage, fee or reward in respect of any such contract.”

It will be observed that under this section contracts entered into in violation of the Act and the rules made thereunder are only void but not illegal. This penalty has unfortunately proved quite ineffective. In their representation to the Stock Exchange Enquiry Committee last year the Native Share and Stock Brokers' Association stated as follows :—

“ As a matter of fact, the present Act is in practice entirely ineffective for controlling or regulating the contracts for forward delivery, as there is no penalty for violation except that such contracts are void, which is of little or no consideration to parties making such contracts.

“ As the Act stands at present, a violation of any rule makes the contract for forward delivery invalid and not illegal. The Act does not prohibit the making of such a contract. Those who gamble or encourage others to gamble do not require the protection of the Civil Courts. Besides, disputes as regards contracts very rarely arise. The Act, therefore, can be disregarded and is really set aside often by the public and even by Banks.” The Association suggested for the consideration of the Committee that wilful violation of the rules both by

members and non-members should be made an offence as in the United States of America under Section 32 of the United States Securities Exchange Act of 1934. This section authorises the levy of a fine not exceeding \$10,000 or imprisonment not exceeding 2 years or both, except that when the accused is an Exchange the fine may amount to \$500,000.

The question whether the Bombay Securities Contracts Control Act should be amended on the lines suggested by the Association has assumed added importance at present on account of the fact that there is strong pressure on Government to take steps rigidly to enforce the rules of the Stock Brokers' Association and in particular rules regarding a system of margins. The experience of the last few years suggests that rules will prove difficult to enforce if the penalty for non-compliance is merely that contracts are void in law. It has been argued from this that forward trading in stocks and shares should be made illegal except when made through recognised associations and the view has been urged that any wilful violation of the rules of such associations should be made punishable with fine and/or imprisonment. Such an enactment should apply to the whole Province if it is to have any chance of success. It is, of course, not a necessary implication that a close monopoly should be created. In fact Government will have to make sure that there is a fair field for all persons who may properly follow the profession of stock-broking. But once it is decided which association or associations should be recognised, it has been argued, the penalty of illegality as opposed to mere voidability of contracts should be invoked. I am directed to enquire whether your Association has any comment to offer on this point.

3. The position regarding commodity markets is as follows:—Markets, other than the Cotton Market, are entirely unregulated. The Cotton Market is regulated under the Bombay Cotton Contracts Act (Act IV of 1932). Section 8 of this Act is as follows :—

“ 8. (1) Save as hereinafter provided in this Act, any contract whether either party thereto is a member of a recognised cotton association or not) which is entered into after the date on which this Act comes into operation and which is not in accordance with the bye-laws of any recognised cotton association shall be void.

“ (2) No claim shall be allowed in any court for the recovery of any commission, brokerage, fee or reward in respect of any such contract.”

As in the case of the Stock Market the penalty of mere voidability attached to contracts made in contravention of the Act and the rules thereunder has been quite ineffective in the Cotton Market. At present there is only one recognised Association, namely the East India Cotton Association, and trading in this Association is subject to rules approved by Government. At the same time there are other Associations which also claim to deal in cotton and in at least one of which a considerable amount of speculative business takes place. These associations are not subject to the control of Government and the voidability of contracts is not a sufficiently strong penalty to make it a matter of urgency for these associations to apply to Government for recognition. The position, therefore, is that while the recognised Association is subject to rules sanctioned by Government there are other associations which are left entirely unregulated, and Government have really no effective control over forward trading in Bombay. They are at present considering the question whether it would not be possible to get the two main cotton associations merged into each other, but that offers no final solution of the problem, for at any moment it is possible that any association might spring up purporting to deal in cotton and doing so in a manner prejudicial to public interests. The question, therefore, arises whether Government should not arm themselves with power to prosecute persons for forward dealing in cotton except through a recognised association and for violating the rules of a recognised association. As stated in paragraph 2 regarding stock markets, if this view is to be accepted Government will, of course, have to make sure in the first instance that everyone who may properly follow the profession of a commodity broker has a chance to do so.

This is not the first time the question has been considered. Bill No. XX of 1931 contained the following provision :—

“ 6. (1) No forward contract shall, after the date on which this Act comes into force, be entered into except by or through the agency of a member of the Association.

(2) Any such contract entered into after the date aforesaid which contravenes the provisions of sub-section (1) shall be void and any person entering into such contract shall upon conviction be liable for each such offence to a fine not exceeding one thousand rupees."

This Bill was, however, thrown out by the Legislative Council on the first reading. In 1936 Sardar Bhimbhai Naik introduced a private Bill with the object of making contracts other than those made under the rules of the East India Cotton Association a criminal offence. This Bill was withdrawn by the member. It has been represented to Government that sooner or later it may be necessary for them to amend the Cotton Contracts Act and of course any other Act or Acts that may be passed for controlling trading in other commodities so as to make illegal contracts made except through recognised associations and in accordance with the rules of those associations. It is necessary, however, for the success of such a measure that there must be a wide measure of public support. Before deciding their policy in respect of these questions, Government desire to ascertain the views of the public, more especially those of commercial associations, on these and cognate questions. I am, therefore, directed to request that the views of your Association on this subject may be communicated to Government, if possible by the end of June.

Copy of letter No. 2837/147, dated the 4th July 1938, from the Association to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 2902-D, dated the 3rd May 1938, requesting the Association's views on the subject of controlling forward trading in stocks and shares and commodities generally. In the first paragraph of your letter, it is stated that if Government are to exercise effective control of forward trading in the interests of the public, it may become necessary for them to amend the law. In this connection, I am directed to draw your attention to the opening sentences of Government Resolution 7745, dated 9th June 1931, wherein it is stated :—

"The Governor-in-Council desires to make it clear that the expression of a desire to control the Cotton Trade by legislative enactment has come from the general Trade itself. This alone, in the opinion of Government, can justify the interference of Government with the free course of trade. The corollary follows that the Trade must make it abundantly evident that there is substantial unanimity amongst the various communities and associations dealing with various aspects of the Trade as to the form which such control shall take."

The only trade under consideration when the above resolution was framed was the Cotton Trade in which there then appeared a general desire that some sort of Government control was desirable, but my Committee trust that the salutary principles then laid down in respect of the Cotton Trade will not be departed from in future either in regard to the Cotton Trade or any other Trade in which forward dealings are common unless very special reasons exist. My Committee are emphatically opposed to Government control of Trade unless the Trade itself desires it, or a position has arisen in which the Trade itself has proved totally incapable of providing adequate and equitable trading facilities for all or any particular section of a trade.

The earlier portion of Government's letter deals with the legal position in respect of the purchase and sale of securities and a suggestion made by the Native Share and Stock Brokers' Association that the wilful violation of the rules of that Association, both by members and non-members, should be punishable by heavy fine or imprisonment; and Government further enquire whether the Association has any comments to offer, once it has been decided which Association or Associations should be recognized, whether the penalty of illegality as opposed to mere voidability of contracts should be invoked.

General dissatisfaction has been expressed with the working of the various share bazaars of the Presidency, and my Committee would welcome an improvement in their methods of working, but until this has been achieved, they cannot agree that it would be

desirable to make contracts entered into with non-recognized associations illegal instead of merely void at law.

As regards commodity markets other than Cotton, your letter states that they are entirely unregulated. This is not strictly correct, and it would only be true to say that they are not regulated under any special statute or statutes, but forward transactions in gold, silver, rice, grain and seeds of various descriptions, and other commodities are regulated and controlled by various associations, connected with the trade in these commodities. My Committee are not aware that any demand has been made by these associations, or by the general public for the institution of any system of Governmental control ; and, in these circumstances, my Committee are not inclined to favour the idea of regulation by legislative enactment.

Turning to the question of the control of forward transactions in Cotton, the position is that contracts in Bombay and Salsette are void if they contravene the approved rules of any recognized association, and the only recognized association in Bombay City is the East India Cotton Association. There are a few unrecognized associations under the auspices of which a considerable amount of speculative business in cotton takes place, and Government state that they are endeavouring to get the two main Cotton Associations to merge, but that even if this is accomplished, it would not provide a final solution, since, at any time, it would be possible for new associations to spring up which purported to deal in cotton, and might do so in a manner prejudicial to public interests. To prevent this, Government apparently contemplate arming themselves with powers to prosecute persons who enter into forward transactions in cotton except through a recognized association, and for violating the rules of a recognized association. Government are also stated to be considering an amendment of the Cotton Contracts Act, and any other acts which may be passed for controlling trading in other commodities so as to make all contracts illegal other than those made through recognised associations.

The views of my Committee in respect of forward trading in commodities other than Cotton have already been expressed in the earlier paragraphs of this letter, and it only remains for my Association to make its position clear in respect to what should be done in regard to the Cotton Trade. My Committee are inclined to agree that it might be advantageous to have forward trading regulated on a uniform basis throughout the Presidency, and if possible, throughout India. In other words, they agree that all Cotton Associations should be made to conform to certain essential conditions. What those conditions should be might be specified in a special Act or Acts, and might be determined by setting up an impartial Committee of Inquiry with wide terms of reference. This Committee should be charged with the task of studying the method of regulation and control adopted in other countries, and particularly in the United States of America, Japan and the United Kingdom, with a view to determining the best method of dealing with India's particular problems. It may be noted here that in the United States, forward trading in commodities is regulated by an Act passed by the Senate and House of Representatives known as the "Commodity Exchange Act," and that this Act apparently has application throughout the United States, and that it does not confer a monopoly on any one association. The Government of Bombay appear inclined to consider that, in Bombay City and Island, or possibly in Salsette, the Cotton Trade should be controlled by one strong broad-based association, and my Committee agree that 'unitary control' of the cotton trade of the City is an ideal to be aimed at. They would prefer the ideal to be reached by voluntary agreement amongst all sections of the Trade and without any resort to 'penal' legislation, and they maintain that this 'unity of control' may in time develop. If, however, it is the intention of Government to facilitate the control of the trade by one association, then a pre-requisite would be a constitution which provided for the representation of all the interests concerned in such a manner as would exclude the possibility of any particular section of the trade obtaining a controlling voice in the affairs of that association. This matter was touched upon in a joint representation submitted to Government by this Association and the Bombay Chamber of Commerce some time ago, and should, it is thought, be one of the matters to be investigated by the impartial Committee of Inquiry we have suggested might be appointed.

Another matter which would require investigation would be the steps that could be devised to ensure that traders in cotton should be guaranteed facilities for carrying on their

legitimate business of buying, selling and hedging under all circumstances. This subject, my Committee assume, is to be considered, since it is stated in Government's letter that "Government will, of course, have to make sure in the first instance that every one who may properly follow the profession of a commodity broker has a chance to do so," and it is only logical to suppose that the interests of buyers and sellers of cotton will be similarly safeguarded.

My Committee wish it to be clearly appreciated by Government that, while they favour the idea of uniformity of control throughout India, and are agreed that unitary control in Bombay is desirable, they are opposed to anything in the nature of a monopoly being granted by statute to any particular organization or organizations. Unity of control should, in other words, spring from the desire and efforts of the trade itself, and the law should permit the formation and recognition of other associations in certain eventualities, provided their constitutions and rules comply with certain essential conditions, the nature of which has been briefly touched on in this letter.

APPENDIX 28.

COTTON WASTE CONTRACTS.

Copy of letter No. 2707/191, dated the 23rd June 1938, from the Association to the East India Cotton Waste Association, Bombay.

Further to my letter* No. 2607/191, dated the 17th June 1938, and in accordance with the desire of the representatives of your Association who attended a joint conference with a special Sub-Committee of this Association yesterday, I am forwarding a brief summary of the agreements tentatively arrived at during the conference. As indicated by the Chairman of my Association, the Association's Sub-Committee have no executive authority, and the tentative decisions arrived at yesterday will need to be approved by the General Committee of my Association before they can be given effect to. I am also desired to point out that as and when the General Committees of our two Associations have approved the tentative decisions outlined below, the terms agreed upon for the regulation of transactions between members of your Association and members of the Millowners' Association will remain unchanged for the future and be the basis of all contracts hereafter entered into. In the past, there have been many complaints of flagrant breaches of their contractual obligations by waste merchants, and my Sub-Committee trust that in future your Association will take adequate steps against any member of the Waste Association who fails to honour the terms and conditions imposed upon him by his contract.

Request of the East India Cotton Waste Association :

1. Earnest money with tender : The maximum amount of earnest money should be Rs. 100.

2. In respect of sale of READY STOCK, the amount demanded as advance should not be more than 10 per cent. of the value of the waste allotted. The advance so made should be given credit to at the time of the last delivery of the contracted waste and the earnest money refunded on the completion of the contract.

Tentative decisions arrived at :

Our Sub-Committee indicated that already very substantial reductions had been made in respect of the amount of earnest money to be submitted with tenders, but they were prepared to recommend a maximum of Rs. 150 per tender in the case of all ready contracts. This was tentatively agreed to by the representatives of the Waste Association.

In view of the fact that the views of the East India Cotton Waste Association had been substantially met in regard to earnest money, it was eventually agreed that the deposit in the case of ready contracts should be fixed at 15 per cent., and that this amount should be set off against the amount payable against the last delivery when a contract runs out. It was also agreed that deposits should be lodged with the mills within 24 hours of the receipt of intimation by the waste merchant that his tender had been accepted.

*Not printed.

Request of the East India Cotton Waste Association :

3. Quantity of ready waste sold should be declared in the confirmation letter and delivered in full to the purchasers.

4. In regard to FORWARD SALES for periods over three months, the amount asked for as further deposit, inclusive of the earnest money, should not be more than 15 per cent. of the value of the contracted waste. Half the amount of the said further deposit should be refunded at the time of delivery at the end of half of the contractual period.

5. In respect of forward contracts, the mills should deliver and the purchasers should take delivery of waste, 10 per cent. more or less than the quantity sold.

6. The declaration of the result should be made within 24 hours of the receipt of the tenders.

Tentative decisions arrived at :

It was agreed that the quantity of ready waste sold should be declared in the confirmation letter subject to an allowance of 5 per cent. either way.

In the case of forward contracts, the decision reached was that the General Committees of two Associations should be asked to agree to a deposit of 25 per cent. with the tender, and that in the case of contracts covering a period of six months, half the deposit should be refunded to the buyer at the end of three months provided that delivery of the contract quantities had been taken and paid for. In the case of contracts extending over a period of twelve months, the deposit should be 25 per cent. with the tender, of which one-quarter should be refunded at the end of the third, sixth and ninth months provided that delivery of the contract quantities had been taken and payment had been made.

It was agreed that mills should not be made responsible for *bona fide* shortfalls in production, but that tenderers should not ordinarily be expected to take up more than 10 per cent. in excess of the contract quantities and that ordinarily at least 90 per cent. of the contract quantities should be delivered.

After a long discussion, both sides agreed to recommend their respective Committees that in the case of forward contracts, successful tenderers should be informed that their tenders had been accepted within three days of the last date for tender and that in the case of ready contracts successful tenderers should be informed that their tenders had been accepted within two days of the last date for tender.

In order that the new conditions might be given effect to as early as possible, I should be glad if you would communicate your Association's acceptance of the new terms provisionally agreed upon by our two Sub-Committees, during the course of the coming week.

Copy of letter dated the 29th June 1938, from the East India Cotton Waste Association to the Association.

In continuation of the correspondence herein, ending with your letter No. 2707/191 of the 23rd inst., the members of our Association, in a general meeting assembled, have unanimously accepted the tentative proposals Nos. 1, 3, 5 and 6, mentioned in your letter under reply.

In respect of further deposits against sale of ready stock and forward contracts—proposals Nos. 2 and 4, respectively—the general sense of majority of the members was for request to your Association to agree to the fixing of further deposits, inclusive of the tender deposits, at 10 per cent. of the value of the waste sold for sale of ready stock, and 15 per cent. for forward contracts.

We beg to submit that the members of our Association are not in favour of the locking up of large amounts in unremunerative deposits as is the case with forward contracts. We may say that on account of increase in the production of waste, due to the mills working 2 and 3 shifts, 80 per cent. of the mills are compelled to sell the wastes monthly or bi-monthly and in a few cases only quarterly in order to make room for the storage of waste production and our members are therefore faced with the problem of submitting very many tenders every month and consequent payment of tender deposits. Moreover, the uncertainty of allotments of these tenders requires payments of heavy deposits, one after another. Although the prices of wastes have fallen considerably, but even then the fluctuations in the prices will not be so wide in a short period of 21 days as to justify the mills to feel that the amount of further deposits is insufficient to cover the loss against the non-fulfilment of contractual obligations imposed on the purchasers of waste.

We beg, therefore, to earnestly request your Association to favourably reconsider the above proposals and communicate the decision to us on or before the 5th proximo, so that the same may be available for final ratification by the members of our Association the next day when we are meeting for the purpose.

Copy of letter No. 2848/191, dated the 5th July 1938, from the Association to the East India Cotton Waste Association, Bombay.

I am directed to acknowledge the receipt of your letter of the 29th June in which you acknowledged my letter No. 2707/191, dated the 23rd June and in which you intimated that a general meeting of your Association had unanimously accepted the tentative proposals Nos. 1, 3, 5 and 6 set out in my letter of the 23rd June. You further state that in respect of further deposits against sales of ready stocks and forward contracts, the majority of the members of your Association desire to request the Millowners' Association to agree to the fixation of the deposits at 10 per cent. in the case of ready contracts and 15 per cent. in the case of forward contracts.

Your letter has now been considered by the General Committee of my Association, and I am directed to inform you that the only further concession that the Association is prepared to recommend its members to grant is in respect of the deposit against forward contracts which, my Committee agree, should be fixed at 20 per cent. instead of 25 per cent. as indicated in my previous letter. I am also to indicate that the terms now offered are the utmost limit to which my Association is prepared to go, and I am to request that the acceptance of these terms should be communicated to the Association as early as possible. Pending acceptance of the new terms, the conditions agreed to in January last will continue to apply and will continue to apply in the case of all unexpired contracts. My Committee wish me to reiterate the hope expressed in my last letter that in future your Association will take adequate steps against any member of the Waste Association who fails to honour the terms and conditions imposed upon him by his contract.

Copy of letter, dated the 8th July 1938, from the East India Cotton Waste Association to the Association.

We have, for acknowledgment, your favour No. 2848/191 of the 5th inst., and to state that although our Association is not satisfied with the reduction by 5 per cent. of the amount of deposit against forward contracts, it is for the present agreeable to accept the maximum figure of 20 per cent. for forward contracts.

With regard to the deposit payable against the sale of Ready Waste, we have once again to emphasize the necessity of fixing the amount at 10 per cent. in order to enable all the merchants, big and small, to have an opportunity of bidding according to their capacity. We are aware of some reliable parties who are debarred from tendering their offers because of the rather prohibitive amounts of deposits required of them. Moreover, as stated in our previous letter herein, the purchase of the ready stock necessitates taking delivery within a short period of 21 days. This, in itself, would be a factor against default in clearing the purchased waste and hence the possibility of the Mills making any loss on this head is, we submit, remote. We would, therefore, urge upon your Association to acquiesce in fixing the maximum deposit against the sale of ready waste at 10 per cent. of the value of waste sold, inclusive of the earnest money.

We hope the General Committee of your Association will be pleased to reconsider the question of the reduction by 5 per cent. of the amount of deposit against sale of ready waste and communicate the same to us at your earliest convenience.

We enumerate hereunder the decisions which have been so far agreed upon by your Association and ours,

Earnest Money. The maximum amount of Earnest Money per tender is Rs. 150 in respect of contracts, forward and ready.

Quantity of ready waste sold should be declared in the confirmation letter, subject to an allowance of 5 per cent. either way.

Forward Contracts. The maximum of further deposit against contracts covering periods over three months is 20 per cent. of the value of waste, inclusive of the Earnest Money. In six months' contracts, half the deposit should be refunded to the buyer at the end of 3 months, provided that the delivery of the contract waste had been taken and paid for. In the case of contracts extending over a period of 12 months, 25 per cent. of the further deposit paid should be refunded at the end of the third, sixth and ninth months, provided that the delivery of the contract waste had been taken and payment made.

The mills should not be made responsible for *bona fide* shortfalls in production, but that tenderers should not be expected to take up more than 10 per cent. in excess of the contract quantities and that at least 90 per cent. of the contract quantities should be delivered.

The declaration of the allotment in respect of forward contracts should be within three days and that for ready contracts within two days of the last date of the tender.

Except for an agreement in respect of the amount of further deposit against ready sales, all the terms and conditions of waste tenders have been now settled. Our members will be glad to tender their offers if the mills concerned invite tenders in terms of the revised conditions.

Copy of letter No. 2988/191, dated the 13th July 1938, from the Association to the East India Cotton Waste Association, Bombay.

As per our conversation over the telephone this afternoon, I enclose herewith for your information a copy of a Memorandum* which I have sent out to all our members, setting out the arrangements arrived at as a result of our joint negotiations on the question of Cotton Waste Contract terms.

Your last letter to the Association is at present under consideration, and I hope to be in a position to let you have a reply after the next meeting of our General Committee, which will be in about a week or ten days' time.

Copy of letter, dated the 14th July 1938, from the East India Cotton Waste Association to the Association.

We have to thank you for your letter No. 2988/191 of yesterday's date, giving cover to the Memorandum containing the terms and conditions of the Cotton Waste Contract as arranged between your Association and ours.

You mention that a copy of the Memorandum has been sent by you to all your members. We hope you have included among them also all your members whose Mills are situate in the mofussil.

Copy of letter No. 3011/191, dated the 15th July 1938, from the Association to the East India Cotton Waste Association, Bombay.

I am in receipt of your letter of the 14th July acknowledging the receipt of the Memorandum sent out to Bombay Member Mills, and enquiring whether it has been sent to all members.

*Not printed.

In reply, I am to say that the Memorandum has only been sent to members of the Association whose mills are located within the City and Island of Bombay. An extension of the agreement to mofussil member mills could not be undertaken without consulting them. If you will let me know the names of the mofussil mills with whom members of your Association are regularly dealing, I should be prepared to send a copy of the Memorandum to them, indicating that these are the terms agreed upon in so far as Bombay City and Island mills are concerned and asking them whether the terms would be appropriate and acceptable to them in connection with their waste transactions.

Copy of letter No. 3085/191, dated the 21st July 1938, from the Association to the East India Cotton Waste Association, Bombay.

I am directed to acknowledge the receipt of your letter, dated the 8th instant, which was considered at a meeting of my Committee held on the 18th July 1938, and it was decided that the terms communicated to you in this office letter, dated the 13th July 1938, should be final and of a permanent character. These terms would apply to new contracts entered into by your members with mills situated in Bombay City and Island only.

In the second para of my letter No. 3011/191, dated the 15th July 1938, I have already explained to you the position in regard to up-country members of the Association.

Copy of letter, dated the 12th August 1938, from the East India Cotton Waste Association to the Association.

I am directed to acknowledge receipt of your letter No. 3085/191 of the 21st ult., which was considered at the general meeting of my Association, held on the 11th inst. After lengthy discussion, it has been decided that while accepting your suggestion for a deposit of 20 per cent. in forward contracts for six months and longer periods, my Association insist on a deposit of 10 per cent., inclusive of the Tender deposit, being fixed for all contracts, ready and for three months. As there are some tenders for ready contracts to be decided during the next few days, I shall be obliged to receive an early reply hereto in order that further difficulties may be avoided.

Copy of letter No. 3452/191, dated the 17th August 1938, from the Association to the East India Cotton Waste Association, Bombay.

I am directed to acknowledge the receipt of your letter of the 12th instant, and in reply, to inform you that the General Committee of the Association, to whom your letter was referred, regret their inability to comply with the suggestion made by your Association that the deposit in the case of ready contracts, inclusive of earnest money, should be fixed at 10 per cent. As you are aware, the question of deposits for both ready and forward contracts was discussed at length at the joint meetings of the sub-Committees of our two Associations in January and June, and my Committee further feel that it would be detrimental to the interests of your members to reduce the amount of deposits against ready contracts to the figure of 10 per cent., since it would necessarily follow that mills would be compelled to restrict their business to those of your members in whose financial standing and *bona fides* they have complete confidence.

In the above circumstances, the very modest deposit of 15 per cent. on acceptance of a tender for ready waste must be continued.

Copy of letter No. 4322/191, dated the 18th October 1938, from the Association to all Members of the Association with mills in the City and Island of Bombay.

I am directed to invite your attention to my letter *No. 2976/191, dated the 13th July 1938, and subsequent circulars on the same subject in which a reference was made to certain understandings reached between the Committee of this Association and representatives of the East India Cotton Waste Association on matters connected with waste transactions between members of the two organizations.

At a meeting of the General Committee of the Association held on Monday, the 1st August 1938, it was decided that the advisability of using uniform tender forms and contracts for waste transactions should be examined, and for this purpose copies of the tender forms and contracts now in use were called for and examined, keeping in mind the understandings reached with the Waste Association. The examination of these documents has now been completed, and I set forth below for your information the Committee's main recommendations in this matter :—

- (1) Tender forms should be separated from Contract forms.
- (2) Separate Tender and Contract forms should be used for Ready and Forward transactions.
- (3) Mills in the City and Island of Bombay should use the standard Contract forms recommended by the Association.

The procedure, which the Committee recommend should be followed by all mills, is that every tenderer should be supplied at the very outset with one copy of the Tender form and two copies of the blank Contract form. When submitting a tender, the tenderer would be required to complete the Tender and also sign the Contract in duplicate so that if his Tender is accepted, the mill has only to inform him, sending him, of course, later on a completed copy of the duplicate Contract for his records. The only alternative to this procedure would have been to send a Contract for the Buyer's signature after a Tender had been accepted, but this would lead to unnecessary delay.

The Committee of the Association also strongly recommend that Tender and Contract forms prepared by them should be introduced by members of the Association within the City and Island of Bombay from the 1st January 1939. I am, therefore, directed to request you to be good enough to go through the enclosed Contract forms* very carefully, and let me know whether you are willing to adopt them as and from the date suggested. If, however, you are only willing to accept the Contract for introduction on the above mentioned date with minor alterations, I shall be obliged if you will kindly let me know, as early as possible, what those alterations are.

APPENDIX 29.

INCREASE IN EGYPTIAN DUTIES ON COTTON TEXTILES.

Copy of letter No. 2010/126, dated the 30th April 1938, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to enclose for the information of the Government of India a statement* showing the rates of duties on cotton piecegoods and cotton yarn imported into Egypt from other countries. These rates of duties came into force on 10th April 1938 by virtue of a decree issued by the Egyptian Government. I am also enclosing particulars of the import duties on the more important classes of piecegoods and yarn in force previously. As the Government

*Not printed.

of India must be aware, the Indian Cotton Textile Industry has for a number of years been attempting to build up an export trade in yarn and piecegoods, and latterly, some little progress has been achieved in Egypt. The exports of piecegoods and yarn to Egypt during the last six financial years were as under :—

TABLE I.—QUANTITY AND VALUE OF COTTON PIECEGOODS EXPORTED TO EGYPT.

(Figures in thousands.)

	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38 (11 months only)
Yds. ..	3	4	13	394	13,307	22,464
Rs. ..	1	1	2	70	22,44	38,58

TABLE II.—QUANTITY AND VALUE OF YARN EXPORTED TO EGYPT.

(Figures in thousands.)

	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38 (11 months only)
Lbs. ..	529	262	164	435	645	1,033
Rs. ..	266	146	90	237	372	549

During the same period, India has been importing large quantities of Egyptian cotton for the production of fine count yarns and materials. The following table shows the quantity and value of raw cotton imported from Egypt :—

TABLE III.—QUANTITY AND VALUE OF RAW COTTON IMPORTED FROM EGYPT.

	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38 (11 months only)
Tons ..	9,135	6,068	16,911	15,484	18,546	26,254
Lakhs of Rs.	78	53	155	141	184	263

It will be noted that the value of the average imports of Egyptian cotton into India during the last six years has been very much greater than the values of cloth and yarn exported by India to the Egyptian market. If the total trade figures are examined (*vide* Tables IV and V below), it will be noted that India regularly imports more from Egypt than she exports to that country :—

TABLE IV.—TOTAL VALUE OF MERCHANDISE IMPORTED FROM EGYPT.

	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38 (11 months only)
Lakhs of Rs.	95	68	167	153	195	275

TABLE V.

TOTAL VALUE OF MERCHANDISE EXPORTED TO EGYPT.

	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38 (11 months only)
Lakhs of Rs.	109	115	125	124	133	130

The development of a large export market is essential to the Cotton Textile Industry of this country, if India is to maintain her position as a cotton producing country. The cotton goods exported from India to Egypt consist almost exclusively of yarn and cloth produced wholly from Indian short staple cotton, and these goods do not compete with goods produced from Egyptian cotton. A diminution in India's exports of cotton piecegoods and yarn to Egypt as a result of the revised duties will, therefore, still further accentuate the grave difficulties which have recently arisen in marketing certain of the lower grades of Indian cotton.

In view of the balance of trade position as between Egypt and India, as set out in Tables IV and V, and having regard to the above considerations, my Committee consider it most desirable, and would request, that the Government of India should immediately enter into negotiations for a restoration of the old position in regard to the import duties on goods of Indian manufacture.

The new Egyptian duties are more than double the old duties in the classes of goods which India exports. The incidence of these duties works out at over 50 per cent. *ad valorem*. It is the considered opinion of the mills and merchants engaged in this trade with Egypt that the new duties will not merely diminish, but are likely to put an end to the trade which India has recently been able to build up in Egypt. It will be noted that India's trade with Egypt has been developed at the expense of the Japanese Cotton Textile Industry and not at the expense of the Egyptian Mills, of which there are only two or three and which not only are incapable of supplying Egypt's piecegoods requirements but whose production, owing to the quality of cotton used in Egypt, is completely and entirely different from the types of yarn and cloth shipped from India.

We understand that the Government of the United Kingdom have already submitted to the Government of Egypt a protest against the raising of the duties, and it is suggested that, if it is not practicable for India to enter into negotiations separately with Egypt, the Government of India might associate themselves with the protest made by the Government of the United Kingdom.

Copy of letter No. 4-C(16)/38, dated the 21st May 1938, from the Secretary to the Government of India, Department of Commerce, Simla, to the Association.

With reference to the correspondence ending with your telegram,* dated the 18th May 1938, regarding Egyptian tariff increases on cotton piecegoods and yarns, I am directed to say that the Government of India have addressed the Secretary of State for India in the matter.

Copy of letter No. 2532/126, dated the 10th June 1938, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to refer to your letter No. 4-C(16)/38, dated the 21st May 1938, on the above subject, and to request that my Committee may kindly be informed, as soon as practicable, of the results of your representations to the Secretary of State in this matter.

Copy of letter No. 3215/126, dated the 2nd August 1938, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to invite your attention to the opening sentences of an article which appeared in the Editorial Columns of the *Textile Mercury and Argus*, dated the 17th June 1938, which are reproduced below :

“Bombay Millowners, having had a taste of the same sort of unpalatable medicine they have always expected Lancashire to swallow in India, have had the audacity to suggest that the Government of India should associate itself on their behalf with the British protest against the recent increase in the Egyptian textile tariff. In other words, they want to take advantage of whatever means of bargaining the United Kingdom has at its disposal to help them maintain the strong competitive position the Indian industry has built up in the Egyptian and other markets at the expense of tariff-stricken Lancashire.”

* Not printed.

The *Textile Mercury and Argus* is a Cotton Trade Publication of some standing published in Manchester. As you are aware, the Association submitted a representation to your Department on the 30th April 1938, regarding the increased import tariff duties imposed by the Egyptian Government on Cotton Yarn and Piecegoods. In the last sentence of the Association's representation, it was suggested that, if it was not practicable for India to enter into negotiations separately with Egypt, the Government of India might associate themselves with the protest made to the Egyptian Government by the Government of the United Kingdom. My Committee consider it desirable that the Board of Trade might be asked to make it clear to the Editor of the *Textile Mercury* that the only reason for asking the United Kingdom to take up the Indian Cotton Trade's case against the new Egyptian duties was that owing to India not being a self-governing dominion, it was not possible for her to enter into direct negotiations with the Government of Egypt in this matter and that, in these circumstances, the only available course open was to have the Indian Cotton Trade's case represented to the Egyptian Government by the Government of the United Kingdom.

Copy of letter No. 3395/126, dated the 16th August 1938, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to draw your attention to the correspondence resting with this office letter No. 2532/126 dated the 10th June 1938, on the above subject.

The latest available sea borne trade returns reveal a most unsatisfactory state of affairs in regard to India's exports of cotton yarn and piecegoods to Egypt. The figures for the first three months of the current fiscal year compared with those of the corresponding period of the two previous years were as shown in the tabular statement below :—

		Quantity. (000's omitted) April/June.			Value. (000's omitted) April/June.		
		1936.	1937.	1938.	1936.	1937.	1938.
<i>I.—Exports of Indian</i>							
<i>mill made Cotton</i>	lbs.	lbs.	lbs.		Rs.	Rs.	Rs.
<i>Yarn to Egypt ..</i>	161	180	75		89	105	40
<i>II.—Exports of Cotton</i>							
<i>Piecegoods to</i>	Yds.	Yds.	Yds.		Rs.	Rs.	Rs.
<i>Egypt</i>	715	7,134	966		1,25	11,99	1,65

The returns show not only that the slight recovery which was experienced in the first few months of the previous financial year was not maintained in the first quarter of the present financial year, but that the revised duties have had the effect of almost paralysing the entire export trade of British India in cotton yarn. As regards cotton piecegoods, the heaviness of the incidence of the new duties on Indian goods is fully reflected in the pronounced fall which has taken place in the exports of Indian made goods during the first three months of the fiscal year 1938-39 as compared with the shipments for the first three months of the previous financial year. The rate of importations, moreover, indicates a progressive decline from month to month. From 47,000 lbs. of Indian cotton yarn exported in the month of April this year, shipments shrunk to 17,000 lbs. in the succeeding month and again to 11,000 lbs. in the month of June. The value of these exports declined from Rs. 25,000 in April to Rs. 6,000 in June. In the case of cotton piecegoods, shipments fell away from 785,000 yards in April to 87,000 yards in May, but showed a small increase in June, exports amounting to 95,000 yards. The value of these exports, however, showed a steady and consistent deterioration. From Rs. 1.37 lakhs worth of goods shipped in April, the value of the exports fell to Rs. 16,000 in May and again to Rs. 12,000 in the month of June despite the increase in the volume of goods exported.

As regards the progress of imports of raw cotton from Egypt, the position will be clear from the table below :—

III.—Imports of Raw Cotton from Egypt:					
Quantity.			Value.		
April/June.			April/June.		
1936.	1937.	1938.	1936.	1937.	1938.
Tons.	Tons.	Tons.	(In thousands of Rs.)		
3,810	4,458	5,662	38,39	48,85	53,61

It will be noticed that there has been a steady increase in the offtake of Egyptian cotton by mills in India during the first three months of the current fiscal year as compared with the imports for the corresponding period of the last two years.

As against this, the total value of merchandise imported by sea from Egypt into British India rose from Rs. 52 lakhs in the first three months of the financial year 1937-38 to Rs. 58 lakhs in the first quarter of the current fiscal year. On the other hand, the total value of Indian merchandise exported to Egypt by sea during the same period fell from Rs. 33 lakhs to Rs. 27 lakhs.

India would thus appear to be placed in a very strong position to bargain for a fairer treatment for her goods in the Egyptian market. The prospect of a permanent loss of this natural market for her goods is one which the Indian Cotton Mill Industry can hardly contemplate with equanimity. In view, more especially of conflicting reports which have recently appeared in the Press in regard to the scope and purpose of the additional duties imposed in Egypt, my Committee would once again stress the desirability of immediate steps being taken to secure a reversion to the scales which prevailed before the recent revision.

In your letter No. 4-C(16)/38, dated the 21st May 1938, you were good enough to indicate that the Government of India had addressed the Secretary of State for India in the matter. My Committee would esteem it a favour if you could let them have an indication of the progress which has since been made.

Copy of letter No. 4-C(16)/38, dated the 21st September 1938, from the Secretary to the Government of India, Department of Commerce, Simla, to the Association.

I am directed to invite a reference to your letters Nos. 3215/126 and 3395/126, dated the 2nd and the 16th August 1938, respectively, on the above subject. As regards the first letter, I am to say that, if your Association desire to pursue the matter, they might as well address the Editor of the *Textile Mercury and Argus* direct without the intervention of the Board of Trade or the Government of India.

2. In reply to your letter of the 16th August 1938, I am to state that the question of the increases in Egyptian customs tariff on textile goods was discussed recently in London by the Honourable the Commerce Member with the Egyptian Prime Minister, and that there are no further developments of which any indication could be given at this stage.

Copy of letter No. 4023/126, dated the 28th September 1938, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I beg to acknowledge the receipt of your letter No. 4-C(16)/38, dated the 21st September 1938. With regard to the last paragraph, my Committee presume that what is intended to be conveyed is that the representations of the Government of India have produced no results so far. If that be the case, my Committee would urge Government to take more positive action in the matter. The trade between the two countries has, for the last few years, been increasingly in favour of Egypt, and my Committee feel that the Government of India are

in a strong position to bargain with that country with regard to the tariff increases which have been recently imposed and which are bound to result in a considerable diminution of India's exports to Egypt. My Committee would greatly appreciate an indication of the Government of India's intentions in the matter.

Copy of letter No. 4886/126, dated the 30th November 1938, from the Association to the Government of India, Department of Commerce, New Delhi.

I am directed to refer to the previous correspondence on this subject, ending with my letter No. 4023/126, dated the 28th September 1938.

Since that letter was written, a number of statements have appeared in the Press to the effect that imports of cotton piecegoods into Egypt would, in future, be regulated under a system of quotas. It would seem that the quantity of piecegoods which any particular country would be permitted to export in any one year to Egypt would be based on the ratio which that country's takings of Egyptian cotton bears to the total exports of Egyptian cotton over a period of three years. The total extent of the quota will apparently be limited to a quantity of about 100 million yards per year, of which India would be permitted to export up to a maximum of 5.5 million yards.

In so far as India is concerned, my Committee are emphatically of the opinion that any arrangement such as that indicated above, would be entirely one-sided and unacceptable to India, having regard to the general trade position between the two countries, which, according to the Sea-Borne Trade Returns of British India, was as under during the last five years :—

Statement showing value of the trade in merchandise between India and Egypt.

(In lakhs of Rupees.)

					Imports.	Exports.
1933-34	..	..	..	..	68	1,15
1934-35	..	..	..	..	1,68	1,25
1935-36	..	..	..	..	1,58	1,25
1936-37	..	..	..	..	1,94	1,34
1937-38	..	..	..	..	2,98	1,43
1938-39 (Five months April/Aug.)					85	53

Nor could such an arrangement be justified if one considers India's takings of Egyptian cotton and of Egypt's takings of Indian cotton yarn and piecegoods. For easy reference, the figures for the last five years are set out below :—

Imports of Egyptian Cotton into British India :

					Quantity in Tons.	Value in Lakhs of Rs.
1933-34	..	..	..	..	6,068	53
1934-35	..	..	..	..	16,911	1,55
1935-36	..	..	..	..	15,484	1,41
1936-37	..	..	..	..	18,546	1,84
1937-38	..	..	..	..	28,347	2,83
1938-39 (Five months April/Aug.)					7,977	77

Exports of Indian Cotton Piecegoods to Egypt :

Quantities in Yards (000's omitted).

		1933-34	1934-35	1935-36	1936-37	1937-38	1938-39 (5 months)
Grey Unbleached	.. ..	..	..	301	12,401	14,882	1,052
White Bleached	.. ..	..	1	..	480	3,760	391
Coloured	.. ..	4	11	93	426	4,825	28
Total to Egypt	.. ..	4	13	394	13,307	23,467	1,471

Value in Rupees (000's omitted).

Grey Unbleached	.. ..	..	..	50	20,74	23,50	1,74
White Bleached	.. ..	..	0.5	..	85	6,66	65
Coloured	.. ..	0.6	1.7	20	85	10,27	6
Total to Egypt	.. ..	0.6	2.2	70	22,44	40,43	2,45

On the basis of these figures, my Committee maintain that India is entitled to demand a much larger and a more equitable share of the Egyptian market for cotton goods than would be accorded to her under the arrangement proposed.

It would, moreover, appear that the Egyptian quota would be regulated by the total productive capacity of the Egyptian Cotton Industry. The Committee of my Association apprehend that, if the rate of development indicated in recent press statements were maintained, the total quota available to this country would be reduced to negligible proportions within the course of the next two or three years.

Another point to which my Committee would like to draw attention in this connection is that the existing high rates of duty applied to Indian goods exported to Egypt, which, in many instances, amount to 50 per cent. *ad valorem*, render it almost impossible for India to export any goods to Egypt. This statement is borne out by the fact that, in the first five months, April to August, of the current fiscal year—1938-39—India's total sendings to Egypt amounted to only 1.5 million yards as against a proposed quota limit of 5.5 million yards for the whole year, and against a total export of 23.5 million yards in the last fiscal year ; and it would seem extremely improbable that India would be able to fill in even so small an export quota as 5.5 million yards per year. In other words, any quantitative limitation of India's exports to Egypt, if it is to be of any advantage to the Indian Cotton Mill Industry, must necessarily be accompanied by a reduction of the prohibitive rates of import duties at present levied, to the levels which prevailed previous to April 10th, 1938. The continuance of the existing rates would render valueless to this country any quota limits, and would mean the virtual disappearance of the little trade India has been able to build up in Egypt during the last year or two.

The arrangements contemplated by the Egyptian Government apparently involve the allocation of import quotas for cotton piecegoods to a number of countries who are not, and probably will not be likely to be, interested in the export of cotton piecegoods to Egypt. France is a case in point. Although she has hitherto exported practically nothing to Egypt, France would be entitled, on the strength of her takings of Egyptian Cotton, to export 12.8 per cent. of the Egyptian imports of cotton piecegoods. There are probably other countries also, similarly situated as France in this regard, and my Committee would suggest the desirability of Government endeavouring to get a share of such allocations transferred to India.

As has already been indicated in previous correspondence, the building up and maintenance of an export business is becoming increasingly desirable in the interests of the Indian Cotton Mill Industry, and especially those sections of it which are located in important ports

like Bombay and Madras, whose products are subjected, in the home market, to keen competition from mills situated more advantageously in relation to supplies of raw material and proximity of consuming markets. The goods exported to Egypt consist almost exclusively of yarn and cloth produced wholly from Indian short staple cotton, which could not be said to compete with goods produced in Egypt from Egyptian cotton.

In all the circumstances of the case, my Committee hold there is a clear case for Government's intervention, and they would, therefore, once again press upon the Government of India the urgent desirability of entering into negotiations with the Egyptian Government with the object of concluding a satisfactory bilateral trade agreement mutually beneficial to both countries.

Copy of letter No. 4-C(16)/38, dated the 16th December 1938, from the Under-Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

With reference to your letter No. 4886/126 of 1938, dated the 30th November 1938, I am directed to say that the Government of India are fully aware of the importance of the considerations urged by your Association and are taking all practicable steps for the promotion of India's trade interests in the Egyptian market.

APPENDIX 30.

IRANIAN MARKET FOR INDIAN TEXTILE GOODS.

Copy of letter No. 3904/231, dated the 20th September 1938, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to invite a reference to this office letter No. 2162/44, dated the 29th October 1934, in which a suggestion was made that the Government of India should make representations to the Government of Iran with a view to securing the continuance of at least a portion of the export trade in yarn and piecegoods between India and Iran. Reference was made in that representation to the considerable shrinkage which had taken place in India's exports of both cotton yarn and piecegoods to Iran by sea between the financial years 1928-29 and 1932-33. The position since 1932-33 has unhappily deteriorated still further as will be seen from the following Tables :—

TABLE I.

Exports of Cotton Yarn to Iran.

(Figures are in thousands).

	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39. (4 months)
Lbs.	3,654	4,349	1,538	8	..	14	Nil.
Rs.	20,42	23,62	8,24	4	..	6	..

TABLE II.

Exports of Cotton Piecegoods to Iran.

(Figures are in thousands).

	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39. (4 months)
Yards	8,020	8,940	6,036	9,105	12,388	6,854	1,409
Rs.	18,25	18,09	12,69	16,33	18,06	11,54	2,03

The figures indicate that exports of cotton yarn have been almost completely wiped out of existence. In the case of cotton piecegoods, shipments which were maintained at an average of nearly 9 million yards in the first five of the financial years referred to in Table II fell to 6.8 million yards in 1937-38 and the figures for the first four months of the current fiscal year indicate much lower shipments than ever before.

Read in conjunction with the figures appended to our previous representation, the statements show that India's cotton yarn exports have fallen from Rs. 30 lakhs in 1928-29 to the negligible figure of Rs. 14,000 in 1937-38, and that in the case of piecegoods, the value of the shipments has fallen during the same period from Rs. 64 lakhs to Rs. 11½ lakhs. The complete loss of this natural market for her goods is a prospect which the Indian Mill Industry, and especially the Bombay section of it, can hardly view except with grave concern.

My Committee would, in these circumstances, once again stress the desirability of Government taking up the matter with the Government of Iran with the object of ensuring for the Indian Cotton Mill Industry a larger share of the Iranian Market for cotton yarn and piecegoods than is at present accorded to it.

APPENDIX 31.

PROPOSED REVISION OF THE PRODUCTION AND IMPORT STATISTICS OF COTTON PIECEGOODS AND YARN.

Copy of letter No. 10702, dated the 7th July 1938, from the Director-General of Commercial Intelligence and Statistics to the Association.

I have the honour to say that in connection with the question of the revision of classification of production and import statistics of cotton manufactures, the Government of India appointed a Special Officer in March 1935, with instructions to prepare a skeleton scheme of classification in a form so as to allow for expansion of the Indian industry into new lines which are at present covered only by imports and to facilitate comparison between the two sets of statistics in respect of the main heads of classification. The enclosed memorandum summarises the results of the investigations embodied in the report submitted to Government. The report is still under examination. The provisional conclusions arrived at so far are noted in Appendix I of the memorandum along with the existing scheme of classification and that recommended by the Special Officer. I shall be much obliged if you will have the proposals contained therein examined by the Committee of your Association and favour me with their views at your earliest convenience.

MEMORANDUM.

Report on the classification of cotton yarn and cotton goods—imported and indigenous.

The question of examining the possibility of compiling the statistics of the production of cloth in Indian mills, in a form which would facilitate a more satisfactory comparison with the figures for imported cloth, was first raised in the Report of the Indian Tariff Board (Cotton Textile Enquiry) in 1927. Since then its importance has been emphasized in the Report on the Import Tariff on Cotton Piecegoods and on external competition in the cotton piecegoods trade (1929) as well as in the Report of the Indian Tariff Board (1932). The Government of India accordingly considered it necessary to prepare a scheme of reclassification of cotton manufactures in the import and production returns and appointed a Special Officer for this purpose in March, 1935.

2. According to the instructions of the Government of India, the Special Officer was directed to examine the following matters :—

(1) Preparation of a skeleton scheme of classification for Indian Mill production (spinning and weaving), the division into main heads and sub-heads being decided in consultation with representative producers and the classification drawn up so as to allow for expansion of Indian industry into new lines which are at present covered only by imports.

(2) Examination of the skeleton scheme in consultation with selected textile experts which will lead to provisional conclusions on the classification of production.

(3) Preparation of a skeleton scheme of classification for imports of which the main heads would correspond with those of production classification scheme, the work being carried out in consultation with representative importers.

3. The existing and the proposed schemes of classification of (I) Production and (II) Import statistics under (a) cotton twist and yarn, (b) cotton piecegoods, (c) artificial silk manufactures, (d) hosiery and (e) other cotton manufactures, are shown in Appendix I.* Further modifications that appear necessary are noted in the last column of the Appendix. The main recommendations are summarised below :—

I. Production Statistics.—(a) Cotton twist and yarn.—The suggested heads and sub-heads which are fewer than the existing ones have ample room for recording figures of new classes of yarns spun in India. Separate recording of hosiery yarn has been recommended.

(b) Cotton piecegoods.—Two sets of statistics—one for the quantity of goods made or produced and the other for recording goods processed by the textile finishers—have been recommended. The recording of dimensions in square yards in addition to linear yards and the distribution of cotton goods according to the principal types of yarns used, have also been recommended. It has also been suggested to discontinue publication of details by Provinces in tables Nos. 3 and 6 of the Monthly Statistics of Cotton Spinning and Weaving in Indian Mills.

(c), (d) and (e)—The classifications under these heads have been amplified to provide room for new lines of manufacture.

II. Import Statistics.—(a) Cotton twist and yarn.—In arranging the heads and sub-heads which have been reduced as in the case of production statistics, two factors have been kept in view (a) demarcation of the ranges of counts of yarn on which the protective duty has been based, and (b) the relative position of the particular range of counts of yarn in the figures of import into the country.

(b) Cotton piecegoods.—The heads and sub-heads for classes of which imports are insignificant, have been eliminated by basing the nomenclature in the revised list on the derivative weaves subordinate to trade names.

Recording of undermentioned details has been recommended :—

- (i) Broad divisions on the quality of raw cotton used in the yarn for manufacture of imported piecegoods ;
- (ii) Dimensions in square yards in addition to linear yards.
- (iii) Recording of weights in lbs. for piecegoods.
- (iv) Division of major classes of piecegoods into narrow, medium and broad according to the groups of width.

The particulars under (i) will not, however, be easily available and in any case difficult to verify. Regarding (iv) it has been provisionally decided to adhere to a single classification

on the basis of width under all sub-heads on the broad divisions of width ranging from (1) up to 32", (2) from over 32" to 44" and (3) over 44".

(c), (d) and (e)—Certain amplifications and changes have been made to bring the import and production statistics on to a comparable basis.

REPORT OF THE SPECIAL SUB-COMMITTEE ON THE PROPOSED REVISION OF THE IMPORT AND PRODUCTION STATISTICS OF COTTON PIECEGOODS AND YARN.

Working on the basis of a very detailed note prepared in the office of the Association, we are submitting for the consideration of the General Committee, counter suggestions to those put forward by the Special Officer appointed by the Government of India. The detailed proposals now set out under each head are the work of a Sub-Committee consisting of Mr. T. E. Harker, Mr. C. J. Soneji, Mr. K. F. Madon and the Secretary to whom our special thanks are due.

The proposals are of such a detailed character that we consider it advisable to ask for a discussion with the Director-General of Commercial Intelligence and Statistics and the Special Officer before submitting the Association's final reply. The important points to note in the report are that very much more detailed information would have to be submitted by mills every month concerning grey and woven coloured goods, and in addition detailed information would be required to be submitted at half-yearly intervals concerning the production of bleached, dyed and printed goods by Bleaching, Dyeing and Printing establishments. Since it would be necessary to include independent Bleaching, Dyeing and Printing Works, an amendment of the Cotton Industry (Statistics) Act of 1926 would be necessary. We are provisionally of the opinion that all establishments doing bleaching, dyeing and/or printing which come under the provisions of the Indian Factories Act should submit these half-yearly returns, but the exact amendment required in the Act is a matter on which discussions with the Director-General of Commercial Intelligence and Statistics appear to be essential.

In regard to imports, we already have very complete information except in the case of the cotton garments trade, and the modifications which we have suggested have been made with the idea of making them comparable with the Import Statistics. We have supported the suggestion made by the Special Officer that in the case of grey and woven coloured goods, particulars of linear yards, square yards, weight and value in rupees should be shown, but in case the addition of the square yard information is used by the Director-General as an argument for the addition of square yard particulars in the Production Statistics, we might drop the suggestion for the submission of square yard particulars in imported goods. In the more important classes of imports, we have sub-divided certain headings according to widths. In the case of printed, bleached and dyed goods, we have cut out particulars according to weight from the Import Statistics.

So far as imported yarn is concerned, our suggestions differ only slightly from those put forward by the Special Officer. We think it will be admitted that there is a strong case for the deletion of some of the details which now find a place in the Import Statistics.

In regard to production, we have very considerably reduced the amount of information to be supplied in regard to single grey yarn, but have increased the information to be supplied in regard to other yarns. In this connection, it may be noted that the first broad classification in the Production Statistics will include the whole mill's production of single cotton yarn and that the other sub-heads merely give information as to the proportion of this single yarn which is afterwards reeled, folded or cabled. In regard to grey and woven coloured piecegoods production, we have suggested sub-divisions according to count of warp in a few main classifications, and in respect of half-yearly returns for "finished goods" we have suggested a number of sub-divisions according to width for the more important items.

We are very strongly opposed to the supply of information suggested by the Special Officer in Part VII of the Production Statistics. We consider that the compilation of this information would be an unwarranted burden on mills, but we have met the position to some

extent by recommending the supply of information regarding counts of warp in a few of the main items of production. We are also opposed to the idea of asking mills to supply any square yardage figure whatsoever.

We are aware that the publication of more detailed information in regard to production may be of assistance to our competitors abroad, and we suggest that when we meet the Director-General and the Special Officer, we should ascertain from them whether it would be possible for Government to publish only broad particulars as at present and to confine the supply of detailed information regarding production to leading Millowners' Associations or if this cannot be done, to individual mills only.

Even if the Director-General cannot restrict the supply of information in the manner suggested in the previous paragraph, we are of opinion that the advantages which Indian mills might reap from the publication of very detailed data regarding production would outweigh the disadvantages.

Although, at first glance, the information to be supplied appears to be very formidable, we do not anticipate that it will cause mills much more trouble than the supply of the present information causes to them, and we think that if our suggestions are approved, the Industry will be benefited and that the Import and Production Statistics will be easily comparable.

We enclose, herewith, a statement* showing the present classifications in Column 1, the classifications proposed by the Special Officer in Column 2 and the classifications we have suggested in column 3.

(Sd.) NEVILLE N. WADIA.

(Sd.) K. M. D. THACKERSEY.

(Sd.) T. E. HARKER.

(Sd.) H. F. MILNE.

(Sd.) A. M. MEHTA.

(Sd.) K. F. MADON.

(Sd.) T. MALONEY, (*Secretary*).

Copy of letter No. 4431/201, dated the 28th October 1938, from the Association to the Director-General of Commercial Intelligence and Statistics, Calcutta.

I am directed to acknowledge the receipt of your letter No. 10702, dated the 7th July 1938, in which you request my Committee to express an opinion on certain proposals made by the Special Officer appointed by the Government of India in March 1935, to revise the existing trade classifications of cotton piecegoods and yarns. The revised classifications suggested by the Special Officer have been carefully considered by a Special Sub-Committee of the Association who are tentatively of the opinion that these classifications, as they stand, would not, by themselves, be sufficient to serve the main object which Government have in view, namely, to enable accurate comparisons being made between production and import statistics. My Committee have, therefore, prepared an alternative scheme which they desire to discuss with you before officially replying to your letter of 7th July if a meeting could be arranged in Bombay. This meeting, it is thought, would enable my Sub-Committee to deal with certain issues arising from the Special Officer's Report concerning the publication of detailed information regarding production and would also provide an opportunity of explaining verbally the reasons for the various changes which my Sub-Committee have proposed.

It is requested that a reply to this communication may be sent as early as possible.

P.S.—For ready reference, I enclose herewith the rough draft of my Sub Committee's alternative scheme.*

*Not printed.

APPENDIX 32.

BOMBAY TEXTILE LABOUR INQUIRY COMMITTEE.

Resolutions adopted at an urgent General Meeting of the Members of the Millowners' Association, Bombay, held on Thursday, the 3rd March 1938 :—

Resolution No. 1.

“Resolved that having carefully considered the Interim Report of the Textile Labour Inquiry Committee and Government's Resolution thereon, the Association is of opinion that it would fail in its duty to the Industry, to the Government, and the country, if it did not invite attention to the fact that the Interim Recommendations of the Committee of Inquiry will impose a very heavy burden on the Cotton Textile Industry of this Province.

The Association's considered opinion is that the Interim Recommendations for wage increases are unjustified, based, as they have been, on assumptions and theories, and hypothetical and problematical estimates.

In these circumstances, the Association authorizes the Committee to consult and take such further joint action with the Ahmedabad Millowners' Association as may be necessary or desirable in connection with the Interim Report of the Inquiry Committee and any social legislation contemplated by the Government of Bombay which might impose additional financial burdens on the Industry.

Nevertheless, in view of Government's Resolution, the Association recommends that the wage increases specified in the Interim Report should be accepted for the time being by members of the Association in the Bombay Presidency and be given effect to from the date specified in the Government Resolution.”

Resolution No. 2.

“Resolved that a copy of the foregoing resolution be forwarded to the Government of Bombay for information.”

Joint representation dated the 2nd April 1939, from the Bombay and Ahmedabad Millowners' Associations to the Chief Secretary to the Government of Bombay, Political and Services Department.

In the joint behalf of the Members of the Bombay and Ahmedabad Millowners' Associations we should like to draw Government's attention to our great dissatisfaction with the interim recommendations of the Textile Labour Inquiry Committee and with Government's decision thereon. The Report of the Inquiry Committee was not signed until the 11th February, which means that it was considered and decisions taken in the short space of a week-end, and we cannot help feeling that, in this limited period, it was not possible for Government to give the Report that consideration which its very great importance demanded, affecting as it did the future prospects and the competitive capacity of the most important industry of the Province, and we maintain that by the terms of their Resolution, Government have not meted out justice to the claims of the Industry.

2. Our Associations cannot accept the position that the recommendations of the Committee of Inquiry are entitled to the weight and authority which should be attached to the Award of an Industrial Court or Court of Arbitration since the recommendations of the Committee, as pointed out in the resolutions passed by our two Associations, were unjustified, and were based on a series of highly problematical assumptions in regard to the future trend of cotton and cloth prices, greater demand, purchasing power, etc. If the nature of the recommendations had been fully considered, Government would have realized that the burden

which they would impose on the Industry would be greater than it could be reasonably called upon to bear in its present condition, and that unless the Cotton Textile Industry in other parts of the country gives similar increases in wages, the position of the Industry in this Province will probably become impossible. A reference to Table IV on page 10 of the Report will indicate the relative importance of the Industry in Bombay and Ahmedabad *vis-a-vis* the rest of India from 1919 to 1937. It will be seen that there has already been a very rapid development of the Industry in other centres and Provinces, and we submit that the implications of this fact have not been fully appreciated by the Committee. The data in the Table referred to clearly negatives any proposal for an increase in wages, for, any burden on the Industry in this Province necessarily implies an advantage to other centres with the result that the tendency for the Industry to be diverted to other Provinces will receive an impetus which will ultimately be harmful both to workers and employers in this Provinces. In any event, the additional burden which the wage increases recommended would impose on costs of manufacture would mean a very serious blow indeed to the Bombay Province's effort to rehabilitate her export trade. As a result of the increase in wages, the capacity of the Industry to compete against foreign rivals will diminish considerably, and the effect of the interim recommendations will be to nullify whatever little advantage the Industry has received from the protection accorded to it by the Central Government.

3. We do not, at this stage, wish to refer at length to the inappropriateness of the terms of reference to the Committee of Inquiry and cognate matters, but we would like to make it clear that, from the very outset, our two Associations had demanded specific terms of reference, a judicial committee and no interim report. Our objections to the issue of an interim report in a matter like wages were fundamental in character, it being our view that, unless every factor was fully taken into consideration, fair conclusions in regard to wages could not be made and should not, therefore, be attempted. The recommendations of the Committee, based as they are, not on ascertained facts but on a series of incorrect and unwarranted assumptions, have vindicated the position then taken up by us.

4. At a later date, our Associations propose to submit for Government's consideration their detailed criticism of the Report, but as the preparation of the factual data necessary for this purpose will take further time, we consider it essential to acquaint Government with the general reasons why the conclusions of the Committee cannot be accepted and why Government's Resolution should be revised.

5. The Committee were called upon to report "whether in view of the present condition of the industry an immediate increase in wages can be given in any occupation, centre or unit of the industry pending conclusion of the Committee's work, etc."

Despite the elaborate apologia advanced in support of the assumptions on which the Committee had based their conclusions, we submit that the present condition of the Industry must be judged by the existing financial position of the Industry, and that the purely temporary and adventitious gains which may accrue from an abnormal disturbance of the parities of cotton and cloth prices cannot, in equity, be utilized for the payment of increased wages. It is a well established fact that the prices of cloth and cotton follow each other fairly closely, but that in special circumstances, this relationship may be temporarily disturbed. In other words, when the raw material falls suddenly in price, it may not immediately result in a fall in the price of cloth. The advantage of this temporary disturbance of normal parity cannot, however, continue for long, and what is more important to note is that it is essential to provide against the advent of a diametrically opposite condition of affairs when cloth prices fail to respond to a rise in cotton prices which must sooner or later occur. This means that the 8 per cent. additional margin, which the Committee anticipate will accrue in 1938, cannot, in prudence, be dissipated by paying it away in wages, since it would not be possible to adjust wages to compensate for the entire lack of margins when cloth prices fail to follow an upward movement in cotton prices.

6. We emphatically maintain that the only sound test as to whether an increase in wages is due or can be given, must be the funds actually available after providing adequate depreciation and a reasonable return on the capital sunk in the Industry. In arriving at the figure of adequate depreciation, consideration must, in our view, be given to the absolute

necessity of maintaining plant and machinery in an up-to-date condition, which necessarily implies that where, owing to night shift working, machinery deterioration is more rapid, a higher rate of depreciation should be provided, and where, owing to a series of bad years, arrears of depreciation exist, an additional amount should be set aside.

7. Another consideration of great importance in determining whether increases in wages should be given is the length of time during which profits have been earned. In this connection, it is pertinent to refer to the attitude adopted by the Ahmedabad Textile Labour Union, which has, during several arbitration proceedings, emphasized that an examination of the condition of the Industry over a series of years is necessary before coming to a decision regarding an increase or decrease in wages, and to the fact that in Bombay wages were not reduced to below peak levels until trade depression had persisted for more than ten years.

8. Having set out the criteria which should have determined whether, and if so, what increase in wages could be given, we shall now deal briefly with some of the more important portions of the Report with the object of making clear to Government in what respects the Inquiry Committee have erred or departed from sound principles.

In the cases submitted to the Inquiry Committee, the Industry claimed that its ability to pay higher wages should be judged by an examination of the actual financial results of the last few years with provision for depreciation, agency commission, return on capital, etc., on the scales allowed by the 1936 Tariff Board. The Committee of Inquiry, for entirely inadequate reasons and on mistaken assumptions, have set aside this claim. What is perhaps the Committee of Inquiry's most serious objection to the financial statements submitted by the Industry is that provision for depreciation had been made on too generous a scale although in fact it corresponded very closely with the scale allowed by the Income-tax Department and also corresponded with the scale accepted by previous Tariff Boards. The Committee of Inquiry state that large additions to plant and machinery were made at a time when machinery costs were unduly high, and that the total block value as given in the Consolidated Balance Sheet included items which have been completely depreciated, and that a claim for an all-over allowance of 4 per cent. for depreciation was untenable for the reason that nothing like this amount had been written off by the Bombay Mill Industry in any year between 1924 and 1936. The Committee also went out of their way to point out that commission and dividends had been given preference over depreciation.

9. We wish to repudiate the Committee's conclusions and observations on these matters. We emphatically maintain that, taking the Industry as a whole—and the Industry must be taken as a whole when wage increases for the whole Industry are being discussed—the block value of the plant shown in the Consolidated Balance Sheet is in no way inflated. It is perfectly true that considerable purchases of machinery were made, particularly in Bombay, when prices were high, but the so-called inflation arising from this cause has been more than offset by the capital reconstructions which have taken place between 1923 and 1936. The Committee of Inquiry have completely omitted to deal with the fact that the block value of the Bombay City and Island Mills was written down to the extent of 16 crores of rupees in the period mentioned.

10. The answer to the next point made by the Committee is equally simple. In their preliminary questionnaire, a question was asked as to the profits made in the first half of 1937 and the amount of depreciation which would have been payable on the income-tax basis. The returns received in reply to this question were carefully analysed, and it was found, after tabulating the figures for Bombay Mills, that the total depreciation allowed by the authorities corresponded very closely with the figure of depreciation shown in the Industry's Consolidated Balance Sheet for 1936, which was estimated at the statutory rate applicable to buildings and machinery. As the Income-tax authorities in no circumstances permit depreciation to be allowed on plant already fully depreciated, the close agreement between the two sets of figures controverts the Committee of Inquiry's assumptions. It is obviously unreasonable for the Committee to suggest that because, owing to severe trade depression, mills in Bombay had been unable to allow full depreciation, the figure of 4 per cent. accepted by the Tariff Board was unreasonable. Had the Industry as a whole been making

adequate profits, the depreciation written off by mills each year would certainly have approximated to the statutory allowances, and this is proved by the fact that, in times of prosperity, the statutory figures were often exceeded. It is also perhaps necessary to point out that deterioration of machinery is more rapid when double shifts are worked, and that an even higher provision than the statutory rate would be defensible. In Ahmedabad particularly, where double shift working has been common for a long period, a claim has been consistently put forward by Ahmedabad Millowners for an increase in the statutory allowances.

11. As regards the alleged preference given to commission and dividends over depreciation, the position taken up by the Committee in regard to commission is untenable, since it is a payment for actual services rendered by Managing Agents, and the services of agents are no less onerous in times of depression than in times of prosperity. The fact that agents have, in certain instances, voluntarily given up even their minimum commission to assist the concerns they manage, cannot be used as an argument to support the contention that what has been duly earned by the agents should not be paid unless full depreciation has been provided.

In so far as payment of dividends is concerned, a preliminary examination has revealed that dividends have not ordinarily been given preference over depreciation, and that a very considerable portion of the dividends distributed by Bombay mills during the last few years has been paid from Dividend Equalization or similar funds. It is perfectly true that, in certain instances, a small dividend may have been paid, even though full depreciation was not provided, but this state of affairs is bound to happen in a long period of depression, since we maintain that, in considering the interests of shareholders, it may be desirable to reduce temporarily the allocation for depreciation. That the shareholders have not been over-generously treated in regard to dividends is evident from the Table published on page 57, which shows that in Bombay, the average return by way of dividend, works out at less than 2 per cent. on paid-up capital, even including the amounts withdrawn from Dividend Equalization and other funds.

While the position in regard to dividends is somewhat better in Ahmedabad than in Bombay, the average return for a number of years has been very much less than the figure considered reasonable for any industrial enterprise by every Tariff Board. In this connection, we might refer to the fact that in 1935 and 1936, 28 and 27 mills, respectively, out of 67 mills in Ahmedabad, were unable to pay dividends and in Bombay the position was even worse.

12. We strongly deprecate the suggestion made in para 88 of the Report that the tendency to over-depreciate in the event of an improvement in the position of the Industry will need to be checked, since we maintain that arrears of depreciation ought, in common prudence and in the interests of both the shareholders and the workers, to be gradually wiped off by allocating more than the statutory figure when circumstances permit.

13. We submit that the position taken up by the Committee in examining the actual financial position of the Industry is untenable and that their conclusions have been based on unsound premises, and that if the policy and unsound economic and business practices they have advocated were followed, it would spell ruin to the Industry. In paragraph 91, the Committee estimate that the result of the second half of 1937 should have been substantially better than for the first half, and that in Bombay the gain should be substantial enough to wipe off the loss of 22.38 lakhs of rupees calculated on the basis of the first half year's figures; and that in regard to Ahmedabad, the betterment may be estimated at *approximately two-fifths of that secured in Bombay*. We can only characterize this as imaginative guess work, since no facts are given in support of the statement. It is our considered view that, unless the profits made by the Industry for a period of at least two years have been sufficient to cover statutory depreciation and a reasonable return on capital sunk in the Industry, an extremely conservative policy in regard to wage increases should be followed.

14. We do not propose to deal at length with that portion of the Report which endeavours to estimate the future profits of the Industry, since we maintain that the basis adopted is economically unsound, and that the Committee's prognostications are unlikely to be fulfilled. What in effect the Committee say is, that prices of raw cotton are going to

remain low ; that despite this, prices of cloth are not likely to fall ; and that, although commodity prices are falling and though Japan is making every endeavour to retain her position in the world markets, and the other centres of the Industry may not have to increase wages, the demand for Bombay's products will not deteriorate, and that, taking all these considerations together, the Industry is likely to have an 8 per cent. greater margin in 1938 than in 1937. We certainly cannot accept these conclusions, which already show signs of being falsified, as during the last two months, demand has fallen away, cloth prices have shown a tendency to decline, and mill stocks of manufactured goods have increased.

15. While dealing with this section of the Report, however, we should like to draw attention to the fact that the Committee failed to take into consideration certain data supplied by the Ahmedabad Millowners' Association proving that there had been a fall in the prices of cloth in that centre since December 1937, although the information supplied not only indicated market conditions, but was of a definitely representative character. Similarly, the Committee when examining the question of Japanese imports made a statement to the effect that, as Japan's imports were under a quota restriction, there was no incentive to depress prices unduly. As a maxim of theoretical economics, this may be so, but the theory is not borne out by the facts. Japanese imports have been restricted by quota for several years, but despite this, they have consistently depressed Indian price levels.

16. We should also like to call Government's attention to the fact that the case of Spinning Mills has not been adequately considered. The Committee themselves admit that yarn and cotton prices have followed each other closely, and this being the case, it cannot be maintained that the additional margins which the Committee prophesy for Weaving Mills, will accrue to purely Spinning concerns. On the data set out in the Report, there would appear to be insufficient justification for applying the increases specified in the Report to purely Spinning Mills.

17. In Chapter III, the wage position in the three most important centres of the Industry has been examined, and certain misleading conclusions arrived at. For example, in the case of Bombay, wages earned in July 1926, December 1933, October 1934, and July 1937 are compared for a limited number of unrationalized occupations. Apart from the fact that the figures for 1937 were not discussed during the course of the oral evidence, it is statistically unsound to compare the weighted average in the manner adopted in the Report. A layman reading Table VIII would naturally be inclined to conclude that there has been an average cut in wages in Bombay of about 25.4 per cent. The actual facts are very different for the reason that the importance to be attached to the occupations specified has considerably altered during the period covered by the Table ; for example, if the occupation of Ring Siders is taken, it will be noted that no figures whatsoever are given in regard to the earnings of Double Siders, which are, of course, very much higher than those of Single Siders. The same remarks apply in the case of Weavers on three and four looms. The Table in no way brings out the influence on the average level of wages of the earnings of a large number of persons engaged in rationalized occupations. Another very vital factor which has not been brought out in the Table is that wages shown in July 1937 are the monthly average wages in a period when mills were working 54 hours in a week, whereas in previous years, 60 hours per week were being worked. If the influence of the factors mentioned above had been more clearly brought out, it would at once have been realized that the figures in the last column of Table VIII are grossly misleading. The whole of this Chapter of the Report must, in our view, be discounted as special pleading to support the preconceived view that a substantial addition to wages would be justified.

18. Another misleading feature of the Report occurs in para 26 in which a reference is made to the reduction in Japan's import quota. The Committee certainly should have been aware that the higher quota figure to which they refer included Burma, and that actually, if the imports into Burma in the last few years are considered, it will be found that the piece-goods quota for India had been increased and not diminished.

19. We have set forth in the preceding paragraphs some of the main defects and unwarranted assumptions contained in the Report. We submit that the Committee's conclusions and recommendations have been based on wrong premises and insufficient data, and

also submit that the findings will have very undesirable repercussions, and will render the position of the Mill Industry of this Province most unsafe. We respectfully urge that Government will be pleased to revise their decision in this matter, and will also be pleased to take such steps as may be necessary to ensure that no further burdens are imposed on the Industry.

Copy of letter No. 1988/34-B, dated the 7th June 1938, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to the joint representation, dated the 2nd April 1938, submitted on behalf of the Millowners' Associations, Bombay and Ahmedabad, regarding the recommendations contained in the Interim Report of the Textile Labour Inquiry Committee and the Government Orders issued thereon, I am directed to state that Government regret that they are not prepared to modify their orders passed on the interim report of the Committee. The facts mentioned in the representation will be considered by the Textile Labour Inquiry Committee which is in possession of the representation in question.

Copy of joint letter No. 145/184, dated the 9th January 1939, from the Bombay and Ahmedabad Millowners' Associations to the Chief Secretary to the Government of Bombay, Political and Services Department, Bombay.

We have the honour to refer you to our letter, dated the 2nd April 1938, on the interim recommendations of the Textile Labour Inquiry Committee and the action taken thereon by Government, and your reply thereto, No. 1988/34-B, dated 7th June 1938. In your reply referred to above, it was stated that "the facts mentioned in the representation will be considered by the Textile Labour Inquiry Committee which is in possession of the representation in question," but it is understood that, in Government's letter to the Inquiry Committee, giving cover to the joint representation, it is stated to have been forwarded for information only. We are naturally anxious that the points made in our representation should be carefully scrutinised, and that we should be allowed to lead further evidence, if necessary, on the deterioration which has set in in the Industry's position since the publication of the Inquiry Committee's Report. We, therefore, request that the necessary directions be issued to the Inquiry Committee to go into this matter carefully and be pleased to inform us at a very early date.

Copy of letter No. 1988/34-E, dated the 30th January 1939, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 145/184, dated the 9th January 1939, on the subject mentioned above, I am directed to state that the desire of the Millowners' Association Bombay, has been communicated to the Chairman, Textile Labour Inquiry Committee.

APPENDIX 33.

RENT ENQUIRY COMMITTEE.

Copy of letter No. R.E.C.29, dated the 27th May 1938, from the Chairman, Rent Enquiry Committee, Bombay, to the Association.

You are aware that the Government of Bombay has appointed Rent Enquiry Committee for the purpose of investigating the problem of rentals of premises occupied by the Working and the Middle Classes in Bombay and elsewhere. For the purpose of enquiry, it

is necessary to know, among other things, the relation of rent to income in the case of a working class person. Will you, therefore, please let me know :—

- (1) The different grades of income workmen earn.
- (2) Number of workmen in each grade.
- (3) Number of workmen of each grade housed in Millowners' chawls.
- (4) Amount of rent charged.
- (5) Any other information that may be considered useful in this connection.

Copy of letter No. 2513/92A, dated the 8th June 1938, from the Association to the Chairman, Rent Enquiry Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. R.E.C.29, dated the 27th May 1938, intimating that your Committee is investigating the problems of rentals of premises occupied by the working and middle classes in Bombay and elsewhere and requesting information regarding the incomes of mill workers, the number of persons in each income group, the number of workers housed in Millowners' chawls and the rents charged.

In regard to the earnings of various classes of mill workers, I cannot do better than refer your Committee to the results of the Wage Census conducted by the Labour Office in October 1934 and published in 1937. That Report gives a fairly accurate picture of the wages earned by various classes of workers at that time, but it is perhaps necessary to add that the number of workers employed in rationalised occupations has materially increased since the data on which the Report was based was collected, and that in consequence of this the number of workers in the higher income groups has risen correspondingly.

Another factor to be borne in mind is that the wages in all occupations have this year been greatly increased as a result of the adoption of the Textile Wage Enquiry Committee's recommendations. These increases are specified below for ready reference :—

Category of earnings.	Rate of increase in the rupee.	REMARKS.
Below Rs. 13-8.	3 annas.	Provided that no person falling in this category shall receive more than Rs. 15-8 as a result of the increase.
Rs. 13-8 and below Rs. 25.	2½ annas.	Provided that no person falling in this category shall receive more than Rs. 28 as a result of the increase.
Rs. 25 and below Rs. 35.	2 annas.	Provided that no person falling in this category shall receive more than Rs. 39-4 as a result of the increase.
Rs. 35 and below Rs. 40.	1½ annas.	Provided that no person falling in this category shall receive more than Rs. 43 as a result of the increase.
Rs. 40 and below Rs. 75.	1 anna.	Provided that no person falling in this category shall receive an increase in earnings of less than Rs. 3.
Rs. 75 and over.	Nil.	

As regards the numbers employed in various income groups, I regret that it is not possible to supply accurate figures. Some light is thrown on this subject by the 1934 Wage Census, but for the reasons stated earlier, this information is now somewhat out of date and misleading.

The total number of tenements provided by mills in Bombay for their employees excluding clerical and managerial staff is just under 5,000, but it is not possible to state accurately the total number of persons residing in these chawls. In this connection, my Committee would like to suggest that the ratio between rental and income can only be determined with reasonable accuracy by following a procedure similar to that adopted by the Labour Office in their Family Budget Enquiries. The last Family Budget Enquiry made by the Labour Office in the City of Bombay relates to the period September 1932 to June 1933, and while the attention of your Committee is drawn to the Report on the results of that Enquiry published in 1935, it need hardly be pointed out that conditions have changed to some extent since that time ; and that the enquiry then made related only to working class families of whom a large proportion found employment in the cotton mills of the City and Island. In passing, it may be noted that the Labour Office method of approach takes into consideration the income of the family or household as distinct from that of the individual ; the former is, of course, the only true method of ascertaining the relationship between rental and income.

The rents charged by mills vary between Rs. 2 and Rs. 5 per tenement, but in a few exceptional cases where the tenements consist of two rooms, or where they are particularly large, the rents charged may be above Rs. 5. Mills in all instances report that the rents charged by them are below the economic rent for the accommodation provided. In general, it may be stated that the accommodation provided by mills is superior to that provided by private landlords. In this connection, my Committee would like to draw the attention of the Enquiry Committee to Section III, " Housing " (pages 91-4) of the written memorandum submitted by this Association to the Royal Commission on Labour in India. If the Committee so desire, I should be glad to make arrangements for the Committee to pay a visit to one or two mill housing schemes.

My Committee would like to take this opportunity of drawing the attention of the Enquiry Committee to two or three matters which require to be borne in mind in any consideration of the problem of housing in so far as the City and Island of Bombay are concerned. In the first place, reference might be made to the very heavy contribution already made by the Cotton Mill Industry of the City to the Industrial Housing Scheme sponsored by the Government of Bombay. Secondly, the visibly increased building activity in the City and Suburbs during the last few years should, in the normal course of events, automatically tend to remove the cause of high rents, whereas any attempt to regulate rents by legislative action might have a contrary effect. Thirdly, attention might be drawn to the attempts now being made by the Government of Bombay to encourage the lower middle and working classes to go and live in the Development Department Chawls, built under the original Industrial Housing Scheme, by means of suitable improvements. These alterations are estimated to cost about Rs. 10 lakhs, of which a sum of Rs. 4½ lakhs has been set apart in the current Budget of the Local Government.

In conclusion, my Committee would like to stress, once again, the need for a detailed investigation similar to that made by the Labour Office in 1932-33, before any attempt is made to arrive at conclusions as to the rentals paid by the working and middle classes and the relationship which those rentals bear to income.

Copy of letter No. R.E.C. 889, dated the 24th December 1938, from the Secretary, Rent Enquiry Committee, Bombay, to the Association.

As directed by the Chairman, Rent Enquiry Committee, I have the honour to inform you that the Committee desires to record the oral evidence of the representatives of your Association on the question of rent on Tuesday, the 3rd January, 1939, at 2-30 P.M. (S.T.) at the Council Hall, Bombay. In this connection, it may be mentioned that the Committee

has expressed a similar desire to the Ahmedabad Millowners' Association whose evidence it is proposed to take in the near future. As the members of the Committee are again inclined to visit some of the chawls provided by the Millowners for their workers in the City, I am also to enquire if your Association will be good enough to make the necessary arrangements for the purpose as stated by you in your letter No. 2513/92A, dated the 8th June, 1938.

Copy of letter No. 5278/92A, dated the 27th December 1938, from the Association to the Secretary, Rent Enquiry Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. R.E.C.889 of 1938, dated the 24th December 1938, requesting the Association to send representatives to give oral evidence before the Rent Enquiry Committee at 2-30 P.M. (S.T.) on Tuesday, the 3rd January 1939. In reply, I am to say that the Association will be represented by :

Mr. Krishnaraj M. D. Thackersey (Acting Chairman),
 Mr. H. F. Milne (Deputy Chairman),
 Mr. F. Stones, O.B.E., M.L.C., and
 Mr. T. Maloney (Secretary).

As regards the date proposed for the examination of the Association's representatives, both the Chairman and Deputy Chairman very much regret that they will be unable to give oral evidence on Tuesday. I am, therefore, directed to enquire whether it would fit in with your arrangements if the Association's representatives were to tender their evidence on *Wednesday, the 4th January*, instead of on Tuesday, as suggested by you.

As regards your Committee's visits to one or two mill housing schemes, I think that arrangements might conveniently be made at the time the Association's representatives tender their oral evidence.

Copy of letter No. 56/92A, dated the 4th January 1939, from the Association to the Secretary, Rent Enquiry Committee, Bombay.

As promised, I am sending you eight copies of a summarised statement compiled from the information supplied by member mills in Bombay City and Island in response to a special questionnaire issued by the Association.

SUMMARY OF REPLIES.

In all 65 replies have been received from member as well as non-member mills in the City and Island of Bombay. These replies show that 37 mills have not provided any housing for workers while 28 mills have built chawls, particulars of which are detailed below :—

Question (1) :—The total number of chawls built by you for your workers and the number of rooms provided ?

Answer :—There are 166 chawls consisting, on an aggregate, of 4,944 tenements. Only a small number of these are double-room tenements, all the rest being one-room tenements.

Question (2) :—The dimensions of various types of rooms let to your workers, and whether verandahs are attached to any of these rooms ?

Answer :—The dimensions of the various types of rooms are shown in the replies. But the number of rooms of each type is not mentioned in all the replies. From the available details, it is found that most of the rooms are between 10' × 10' and 15' × 12' with a monthly rent of Rs. 3 to Rs. 5. Some chawls have bigger rooms such as 17'-4" × 9'-8"; 19' × 9'-8"; 23' × 10' and so on. But such rooms are few. The rent in the case of bigger rooms is between

Rs. 5 and Rs. 10. As regards verandahs, about 103 chawls have verandahs attached to the rooms. No verandahs are attached to the remaining chawls.

*Question (3) :—*The rents charged for each type of room let ?

*Answer :—*For rooms with dimensions $10' \times 10'$ and $15' \times 12'$, the rent generally collected is between Rs. 3 and Rs. 5. For rooms with dimensions $17'-4" \times 9'-8"$; $19' \times 9'-8"$; $23' \times 10'$, etc., the rent usually charged is between Rs. 5 and Rs. 10.

*Question 3(a) :—*Are rooms provided free of rent for any workers ? (Please state the number and class of workers) :

*Answer :—*Replies from 11 mills show that free rooms are provided to some of their workers, but the actual number of such free rooms has not been stated. The classes of workers to whom free rooms are provided are as follows :—

Sepoys.

Watchmen.

Compound Coolies.

Welfare Staff.

Workers of the Engine Department, and Motor Drivers.

*Question 4 :—*Whether separate water taps and *nahnis* have been provided in each room let ?

*Answer :—*Separate water taps are not provided in each tenement in any of the chawls, but the replies show that arrangements for adequate water supply are made by providing a number of water taps in each chawl for general use. Separate *nahnis* have been provided in 101 chawls. All others have provided common *nahnis* for the use of their tenants.

*Question 5 :—*Whether the rooms are provided with electric lights ? If so, whether any extra charge is levied for such lights ?

*Answer :—*Only one group of mills have provided electric lights in their chawls consisting of 504 rooms. In the case of all others, there are electric lights in common passages, stair-cases, etc. No extra charges are made for these lights.

*Question 6 :—*Whether the latrines provided have been fitted with water flushes ?

*Answer :—*In all the chawls, the latrines are fitted with water flushes except in only four cases. Of these four cases, one is from Kurla and another from Thana where there is no flush system. The remaining two cases are from Bombay, but in both the cases, the chawls are very small. One has 20 tenements and the other only six tenements.

*Question 7 :—*Whether any open spaces have been reserved in the compound for recreational purposes of the residents of the chawl ?

*Answer :—*99 chawls have open spaces around them and the remaining 67 chawls have no open spaces.

*Question 8 :—*The capital expenditure involved in building workmen's chawls ?

*Answer :—*Figures of capital expenditure supplied by mills are only approximate figures since some of the mills had bought the chawls from their previous owners along with the mill property. The total of the capital expenditure incurred by the mills for 157 chawls comes to Rs. 54,01,740. Information under this head is not shown in the case of 9 chawls consisting of 256 tenements.

*Question 9 :—*The amount spent on annual repairs, renewals, etc. ?

*Answer :—*The total amount spent on annual repairs in the case of 155 chawls comes to Rs. 78,106. This works out at 1.44 per cent. of the capital expenditure. Here also information is not supplied for two chawls.

*Question 10 :—*The net return realized per annum on the capital invested in workmen's chawls.

*Answer :—*In the case of 5 replies, the figures shown are figures of gross income and do not take into account taxes, etc. In the case of three chawls, there is no income as the rooms are given free. The net returns in the remaining chawls show that, in many cases, they vary between 1.3 per cent. and 3 per cent. It is more than 3 per cent. only in a couple of cases, but in no case, the return is more than 4 per cent.

*Question 11 :—*The number of persons who are housed in your mill chawls.

*Answer :—*The total number of persons housed is 19,444.

*Question 12 :—*The average number of persons residing in each room.

*Answer :—*The average number of persons residing in each tenement is between 3 and 4.

*Question 13 :—*Whether " paying guests " from outside are allowed to be taken in by your workers ?

*Answer :—*The mills do not allow taking in of outside paying guests, except in one case, viz., the Colaba Land and Mill Co., Ltd.

*Question 14 :—*Any other facilities provided by you for the comfort of persons residing in your mill chawls.

*Answer :—*The replies show that wrestling pits, gymnasia, etc., are provided in some chawls. In two cases, there are well-organized " Welfare Centres " providing play-grounds, library, gymnasium, radio, garden, etc.

APPENDIX 34.

BOMBAY INDUSTRIAL DISPUTES BILL.

Copy of letter No. 825, dated the 19th February 1938, from the Commissioner of Labour, Bombay, to the Association.

I am directed to inform you that Government intend to introduce the above Bill in the forthcoming Budget Session of the Legislative Assembly. I am enclosing fifteen copies of this Bill* and I am to request you to be so kind as to let me have the views of your Association on the various provisions of the Bill at your very earliest convenience and in any case not later than the 10th March 1938. I am to add that it will not be possible to take into consideration opinions received after this date.

Copy of letter No. 999/78, dated the 8th March 1938, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. 825, dated the 19th February 1938, with which was enclosed a copy of a " Bill to Aid in the Prevention of Strikes and Lockouts and to promote amicable settlement of Trade Disputes in Factories

*Not printed.

and other Industrial Establishments." It is stated in your letter that Government desire the views of the Association on the various provisions of the Bill at our earliest convenience and that it would not be possible to take into consideration opinions received after the 10th of March.

2. My Committee much appreciate the fact that an opportunity has been provided to them to express their views on this matter before the drafting of the Bill in its final form has been undertaken, but at the same time, I am to point out that in the short time which has been available to them, it has not been possible to give that detailed consideration to the Bill which they would have liked, and as very important principles, some of which are entirely new to this country, have been incorporated in the measure, it may at a later date be necessary to modify, add to, or take away from the opinions set out in this letter.

3. At the outset, my Committee would like to say that they welcome what appears to be one of the main objects of the Bill, namely, the prevention of hasty and ill-considered strikes and lockouts. My Committee also agree as to the desirability of according special privileges to unions which have been registered as "recognised" by employers and still further privileges to recognised unions with an approved arbitration procedure. They are also inclined to favour the idea of making certain classes of agreed decisions applicable to the whole of an industry in a particular centre, but only if those decisions have been accepted by an employers' association representing at least 75 per cent. of an industry in a particular centre or by 75 per cent. of the individual employers in the industry concerned in agreement with a recognised union or unions, and that the employers and employees in the establishments not originally covered by the agreement or agreements are given the right to appeal to an appropriate authority.

4. As regards the giving of notices of intended changes in wages, hours of work and other conditions of employment, my Committee are generally agreeable to the principle specified in the Bill, but would suggest that the notice in the case of both wages and conditions of work should be the same, namely, 15 days, provided a satisfactory Schedule is devised.

5. Turning to the detailed provisions of the Bill, my Committee have the following criticisms and suggestions to make :

*Clause II—Definitions :—*The Association's Solicitors are being consulted in regard to certain of the definitions, but in the interim, my Committee would like to suggest that the definition of the term "lockout" ought to be amended by the insertion of the word "voluntary" between the words 'the' and 'closing' occurring in the first line of the definition.

*Sub-Clauses II(m) and (n)—"Vertical" and "Horizontal" Unions :—*My Committee fail to appreciate the need for these definitions, as they are not in favour of making any distinction between "vertical" and "horizontal" unions. They would, in theory, prefer to negotiate with occupational unions in preference to general unions owing to the more expert knowledge which the executive of an occupational union would have of that particular occupation ; but my Committee admit that the ideal trade union organization for any particular industry of any considerable magnitude would be a federation of occupational unions, and that this type of organization, if representative, should have preference over any other type of organizations when the question of approving an arbitration procedure for an industry is under consideration by the Minister.

*Clause III.—*It is laid down in this Clause that any union may apply to the Registrar for registration as a recognised union and that if the employer or employers concerned inform the Registrar that he or they have accorded recognition to the union, then it will be registered as a recognised union. This procedure is, in my Committee's view, somewhat unsatisfactory. In the first place, it would appear that if a union obtained recognition from even one employer, it would, according to the later provisions of the Act, be entitled to negotiate on behalf of the workers in a dispute with another employer, who has not accorded recognition to the union in question, provided that some of the union's members were employed by him. This was probably not the intention of the framers of the Bill, and my Committee would suggest that

the Clause be amended so as to make it clear that a union could only act in negotiations with an employer or employers who had accorded recognition to it.

The Association would also like to suggest that the Bill might provide for recognition being accorded by representative employers' associations wherever they exist. In this connection, my Committee would like it to be specified that recognition by a representative employers' association would connote recognition by individual members of that association in the particular centre of the industry concerned provided that the recognised union had a substantial membership in the establishments of the members concerned. Government might also consider the advisability of incorporating a provision in the Bill to ensure that a union recognised by a thoroughly representative employers' association would automatically be recognised by employers not members of the employers' association in any particular centre provided that the union had a substantial membership in the non-member concerns.

Clause IV.—The only criticism which my Committee have to offer in regard to this Clause is that it would be neither practicable, nor desirable, to provide that every dispute must go to arbitration. What was apparently intended was that every trade dispute which was not settled by direct negotiations would have to go to arbitration. The minor alteration required is merely a matter of appropriate drafting.

My Committee are strongly of opinion that provision should be made for the details of all approved arbitration arrangements to be published in full in the *Government Gazette* and recorded with the Registrar.

Clause IV (2).—The only comment we have to make relates to the preference which has been sought to be given to particular types of unions and the views of my Committee on this subject have been set forth in our criticisms of Sub-Clauses II(*m*) and (*n*).

Sub-Clause VIII (i).—It has already been indicated that my Committee would prefer the notice being reduced to 15 days in the case of any intended or desired changes in wages and wage rates and hours of work.

As regards the Schedule referred to in this Clause, the idea of a Schedule is, my Committee assume, to distinguish between disputes of a major and minor character and to provide for notice of changes being given in the more important cases ; otherwise, there would be no point in laying down what, in the opinion of Government, are types of proposed changes or desired changes which are worthy of previous notification. In this view of the case, and in order to prevent the adoption of delaying tactics in certain instances, and to safeguard certain well-recognised rights of employers in the matter of management and administration of their concerns, my Committee maintain that certain modifications in the Schedule would be eminently desirable.

SCHEDULE I.

Item (1)— *Reduction or increase in the number of persons employed or to be employed in any department or departments.*

An amendment of this item is very necessary. It will, my Committee think, be perfectly obvious that certain types of reductions and increases in the number of workers employed in a mill are inevitable and that they should not need to be the subject of negotiation before changes can be effected. My Committee think that the intention of the framers of the Act would be better met by dividing up this item into two parts, if it is to be retained at all. These should, it is suggested, be worded somewhat as follows :—

(*a*) Reductions in the number of persons employed or to be employed, intended to be of a permanent or semi-permanent character not due to changes in the character or volume of production and not due to *force majeure*.

(*b*) Requests by a recognised union or by Government Labour Officers for permanent or semi-permanent increases in the number of persons employed or to be employed in any department or departments.

Item (3)—Introduction of rationalisation or other efficiency systems of work.

My Committee have no objection to this item in the Schedule provided that Clauses XXI(3), (4), (5) and (6) are amended as suggested in the notes on those Clauses.

Item (4)—Starting, alteration or discontinuance of shift working.

As now worded, this item in the Schedule does not appear to be appropriate for the purpose for which it may have been intended. There would be some justification for a demand for notice in the event of changes in certain essential conditions governing shift working, but my Committee would point out that it would be totally unfair to make it impossible for an employer to start or discontinue night shift working without entering into negotiations with his employees. An employer is, of course, already compelled to give 14 days' notice to night shift workers if he wishes to discontinue their services, but it would create an impossible situation if, at the end of that notice period, the employer had to continue working the whole of his night shift because a protest against closure had been made by a few workers and conciliation was proceeding. The full implications of this will be realised when it is understood that conciliation proceedings could be extended over a period of six months. With the best will in the world, an employer could not face such a situation in a period of depression, and it would normally be at a time of trade depression or lack of demand that an employer would decide to close down his night shift.

As regards the starting up of night shift, there would appear to be no great objections to giving notice to the Registrar and to the recognised union concerned in normal circumstances, but there would be occasions when any delay in the starting up of night shift in a section of the mill might create very great difficulties. In view of these objections, it would, in my Committee's view, be best to remove this item altogether from the Schedule.

Item (5)—Withdrawal or granting of recognition to unions of workers.

As now worded, this item appears to be inconsistent with Clause III of the Bill which grants the employer the right to recognise or not to recognise a union. As far as withdrawal of recognition is concerned, it does not appear to be an appropriate issue for inclusion in the Schedule as, in the first place, the Bill itself provides that recognition of a union will be withdrawn in certain contingencies, and in the second place, my Committee do not agree that it would be advisable to disturb the existing freedom which an employer now has, and should have, as to whether he will recognise or will not recognise a particular union and the terms and conditions on which such recognition should be accorded. In this connection, my Committee would like to refer the Government of Bombay to a representation made by this Association setting out the conditions which should ordinarily precede the grant of recognition to trade unions. (*Vide* letter No. 3879/137, dated the 15th October 1937.)

Item (7)—Introduction of new rules of discipline or alteration of existing rules and their interpretation.

It would appear desirable to delete the last three words of this item. When once new rules of discipline or alterations in existing rules have been made with the consent of the workers, they would obviously become part and parcel of the rules and standing orders of that particular concern, and my Committee maintain that the interpretation of standing orders of mills must, in the interests of discipline and good management, rest with the employer. In the case of the Bombay Cotton Mill Industry, uniform standing orders are now in operation, which were devised originally in 1929 by an eminent High Court Judge after very close consideration of the legal position, the demands of the workers and the contentions of the employers, and were afterwards modified to ensure the satisfactory working of the Payment of Wages Act. My Committee would add that the amendments made to suit the provisions of the Payment of Wages Act were approved at a series of conferences between the Association and the Commissioner of Labour, the Chief Inspector of Factories and the Government Labour Officer. One of the Clauses of the Standing Orders provides that "the decision of the Manager upon any question arising out of, in connection with, or incidental to these

Orders, shall be final subject, however, to appeal to the Managing Agents and without prejudice to any right of an operative aggrieved by his or their decision to resort to legal proceedings in a Court of Law." My Committee maintain that the powers conferred on the management under the above Standing Order must continue and that, in this view of the case, the question of the interpretation of the rules of discipline, etc., cannot reasonably be included in Schedule I. My Committee would, however, like to make it clear that, although they are most strongly opposed to the inclusion of any reference to the interpretation of Standing Orders in the Schedule, they by no means wish it to be understood that under no circumstances should workers' grievances in regard to interpretations of standing orders be investigated. Certain procedure for the investigation of any disputes with regard to the interpretation of standing orders has already been suggested in Clause VIII-A of the draft Bill, and my Committee maintain that with suitable amendments Clause VIII-A would be the appropriate vehicle for dealing with questions concerned with the interpretation of standing orders and other types of disputes not included in Schedule I.

Referring to Clause VIII(i) generally, it must be remembered that this legislation is entirely novel and in a way experimental. It appears to have been largely based on the Canadian Industrial Disputes Investigation Act, but it is perhaps necessary to point out that that Act only provides for notice being given when changes are desired in wages or hours of work. My Committee feel strongly that, in the first instance, it would be very desirable not to go much beyond the Canadian model in so far as Schedule I is concerned, more particularly as non-inclusion in the Schedule would not in any way prevent any dispute not covered by the Schedule from being fully investigated. At the same time, they would not object to a provision being incorporated in the Bill for an extension from time to time of the types of disputes covered by Schedule I, so long as the items to be included were the result of the joint recommendations of representatives of employers' associations and representative unions.

Sub-Clause VIII (4).—My Committee do not think that the Government Labour Officer should be excluded from the negotiations covered by this portion of the Bill in cases where a very small proportion of the workers concerned are members of the recognised union, and would, therefore, suggest a modification providing that the Government Labour Officer shall participate in the negotiations provided for in the Bill in cases where not more than 20 per cent. of the workers concerned are members of the recognised union. It would be rather unfair to the very large proportion of workers outside the recognised union's ranks to be compelled to be bound by an agreement entered into by the union which might represent only two or three per cent. of the workers concerned in the dispute. For this reason, it is suggested that in cases where the membership of the union is less than 20 per cent. of the labour force, the Government Labour Officer should also participate in any negotiation or conciliation proceedings.

Another amendment which appears to be necessary in this portion of the Bill is that it should be made very clear that a union would only have the right to negotiate with an employer if the employer in question had agreed to recognise the union (vide notes on Clause III.)

Sub-Clause VIII (6).—In view of the observations made by my Committee on the provisions of sub-Clause VIII(4), consequential amendments would be necessary in this sub-Clause.

Sub-Clause VIII (7).—In view of the observations made by my Committee on the provisions of sub-Clause VIII(4), consequential amendments would be necessary in this sub-Clause.

Sub-Clause VIII (8).—The only suggestion which my Committee desire to make is that the words "directly affected" be inserted in line 2 on page 6 of the draft Bill immediately after the word "workmen," and the word "secret" before the word "ballot" in the sixth line of this sub-Clause on page 6.

Clause VIII-A.—My Committee entirely agree with the first sentence of this Clause, and approved Standing Orders are already in operation in practically all cotton mills in Bombay City and Island. These uniform Orders have, it may be noted, been adopted in other industries and by the cotton textile industry in other Provinces, and should, it is thought, require only formal sanction.

As regards the second sentence of this Clause, it might be pointed out that as now worded, the Clause would be unworkable. What, my Committee assume, is intended is that means should be devised whereby any type of dispute could be dealt with by the conciliation or arbitration machinery provided in the Bill. Bearing this in mind, my Committee would suggest that the second part of Clause VIII-A should be worded somewhat as under :—

“ Any dispute with regard to the interpretation of any such rules or standing orders, and similarly any demand for the redress of any grievance not specified or covered by Schedule I may be deemed to be a trade dispute within the meaning of the Act, and such dispute shall be dealt with by the conciliation machinery provided in the Act.”

Sub-Clause IX (4).—In view of the suggestions made by my Committee on sub-Clause VIII(4), certain consequential amendments would be necessary in this sub-Clause.

Sub-Clauses X (6) and (8).—Sub-Clause X (6) specifies the monetary penalties which may be imposed on an employer who has failed to appoint a delegate to the conciliation proceedings. These are heavy, but it is significant that no monetary penalties are apparently to be imposed on recognised unions which commit the same offence. My Committee are very strongly of the opinion that if monetary penalties are imposed on employers for the offence specified in sub-Clause X(6), the same penalties should also be imposed on recognised unions.

Clause XIV.—It is somewhat doubtful whether this stage of conciliation would in most cases be necessary, but there are provisions for skipping it if both parties agree to go to arbitration. This being the case, my Committee agree to the retention of the first portion of the Clause. As to whether they could agree to the constitution and the method of appointment of members to be prescribed, we can at present express no opinion. We hold, however, that nominations made by the parties directly concerned should be accepted by Government.

Sub-Clause XV (1).—The only amendment which my Committee desire to suggest is the insertion of the word “ relevant ” in the third line of this sub-Clause after the words “ examination of ” and before the word “ books.”

Clauses XVI, XVII and XVIII.—While my Committee agree with the principle of these Clauses, they do not desire to commit themselves unreservedly at this stage, since they are not aware as to what rules and conditions will govern the appointment and constitution of the panel of Chairmen.

Clause XXI.—My Committee agree that as specified in sub-Clause (1), no attempts should be made by either party directly concerned in an agreement or award to set aside that agreement or award for six months provided that agreements or awards concerning hours of work, rates of wages and rules of discipline which, it has been mutually agreed, shall apply to the whole of an industry in a particular centre, shall over-ride and automatically terminate agreements made between a recognised union and an individual employer.

Sub-Clause XXI (3).—My Committee think that it will be readily agreed that in certain matters, for example, rationalisation, individual cases must be considered on their own merits, and this being so, it would seem desirable, at any rate in the early history of this legislation, to restrict the application of this sub-Clause to agreements concerning hours, wages and wage rates, and rules of discipline. Another matter to which my Committee would like to draw attention in respect of this sub-Clause is that the word “ representative ” needs to be more specifically defined. My Committee do not consider that any agreement or award should become applicable to the whole of an industry unless that agreement or award already binds

or applies to 75 per cent. of the employers concerned and a recognised union. Further, my Committee think that those employers or workers not directly bound by the agreement or award should have a right of appeal. (Vide remarks made in the last sentence of para 3 of this letter.)

Sub-Clause XXI (4).—In view of the observations made on sub-Clause (3), certain consequential amendments appear to be necessary in this sub-Clause.

Sub-Clause XXI (5).—Please see comments on sub-Clause (3) of Clause XXI.

Sub-Clause XXI (6).—My Committee cannot agree to the test proposed in the case of employers' organizations, and have indicated in their comments on Clause XXI what, in their opinion, should be considered as a pre-requisite to the extension of an award or agreement to the whole of an industry.

Clause XXXIII.—My Committee strongly feel that the prohibition should be extended to include the publication of leaflets, handbills and posters.

Clause XXXII.—My Committee most strongly object to the extremely high penalties which this Clause seeks to impose on an employer who declares or causes a lockout in contravention of the provisions of the Bill, and desire to draw attention to the distinction made in favour of the workmen in Clause XXXIII. It may at once be said that no responsible employer would deliberately declare an illegal lockout, but knowing the intricacies of the law, it is just possible that a lockout declared in good faith might afterwards be held by the Courts to be illegal. In other words, extremely heavy penalties would be imposed on employers for technical offences. For example, an employer declares a lockout which lasts for 20 days. After the case has been taken to the Court and after a verdict has been obtained—probably months after the event—the lockout is declared to be illegal on certain technicalities. Assuming a labour force of 3,000 people, the fine imposed might amount to Rs. 3 lakhs ; on the top of this, the employer might be mulcted in a lakh of rupees by way of compensation to the operatives for loss of wages. In other words, with a penalty like this, a mill would probably have to be taken into liquidation. At the same time, it must not be thought that my Committee are opposed to a reasonable fine being imposed, and they suggest that it should be clearly brought out in this Clause that the offence must be wilful and deliberate and that the penalty shall not in any event exceed Rs. 1,000, and that the compensation per worker should not exceed an amount equivalent to the wages which would have been due for the period had no stoppage of work taken place, subject to a limit of 8 days where a lockout continues for a longer period. A limit of 8 days is suggested as compensation to the workers in the case of illegal lockouts, for the reason that, under the Payment of Wages Act, an employer could not obtain more than 8 days' compensation from a workman who strikes work without notice.

Another important direction in which Clause XXXII requires amendment is that it must be laid down that no compensation would be payable to a worker who did not obtain work for reasons which were beyond the control of the employer.

Clause XXXIII.—As regards this Clause, provided that the penalties for the employer in the case of an illegal lockout are reduced as suggested, my Committee would have no objection to the fine imposed by the Court being limited to Re. 1 per day if provision for a compensation payment to the employer was also included in this Clause.

6. In conclusion, my Committee trust that Government will find it possible to adopt the suggestions which have been made in this letter and that the Association will be given an opportunity of criticising any changes which may be made as a result of suggestions received from other bodies. I need hardly add that if Government desire any further explanation or information in regard to the points made in this letter, my Committee will be pleased to comply with Government's requirements.

Copy of letter No. 1583/78, dated the 29th March 1938, from the Association to the Commissioner of Labour, Bombay.

In continuation of my letter No. 999/78, dated the 8th March 1938, I have to invite your attention to the definition of the term "lockout" suggested in the draft Bill framed by Government. My Committee have since consulted the Association's Solicitors, and I am desired to point out that, for the reason set forth in the following paragraphs, the proposed definition is unsatisfactory.

The ingredients of a "lockout" according to the Clause, as it stands, are :—

- (1) The suspension of work must be in consequence of a trade dispute ;
- and

- (2) It must be intended for the purpose of compelling the persons locked out or aiding another employer in compelling persons employed by him to accept terms or conditions of or affecting employment.

My Committee would prefer to illustrate their point by an example :

It is first assumed that the Weaving Department of a Mill had to be closed down on account of shortage of yarn resulting from a strike in the Spinning Department. It is not clear in this particular instance whether, at the outset, the closure of the Weaving Department would be deemed to be due to a trade dispute within the meaning of the Bill ; *and* secondly, whether such closure would be deemed to be intended for the purpose of coercing the workmen of the Spinning Department or the Spinning and Weaving Departments to accept terms, etc. My Committee feel that there will be no trade dispute in the case cited between the employer and the workers in the Weaving Department, that is, the workpeople against whom the closure of the Weaving Department has taken place. The closure of the Spinning Department has, no doubt, been responsible for the closure of the Weaving Department, but it is not true to say that there exists any trade dispute, as defined in the Bill, between the employer and the workers of the Weaving Department. The definition, as at present drafted, fails, in the opinion of my Committee, to take this fact into consideration as, in the instance cited above, the definition appears to be capable of the interpretation that the closure of the Weaving Department was due to a trade dispute.

According to the present definition given in Clause II(h) of the Bill, closure must be intended "for the purpose of compelling those persons, or of aiding another employer in compelling persons employed by him to accept terms or conditions of or affecting employment." It is seldom easy to prove what is the intention of any party, and it may well be imagined that there would be a tendency to regard the closing of a mill or Department as being intended at least partially to exercise compulsion on any workers who were involved in a trade dispute with which closure was connected. In the particular case cited, though the employer would have no coercive intentions against the workers of the Weaving Department, the closing down of the Weaving Department might be construed as a lockout on the ground that such closure was partly intended indirectly to exercise compulsion on the spinners. In the circumstances, my Committee feel that the second ingredient of the definition should be amended to provide that a closure would be deemed to be a lockout if it is intended "only and principally" for the purpose of compelling persons, etc., etc.

Another direction in which the definition of Clause II(h) is defective is that it fails to take into consideration certain special circumstances under which closure may be necessary. There have been, in the past, examples of trade disputes being followed by assaults on officers of mills accompanied by spontaneous threats of damage to person and property. In such cases, the managements have promptly avoided danger to person and property by closing down the mill, but the definition, as it stands, would bring such closure within the meaning of the term "lockout," and it is felt that this position must be set right when the final draft of the Bill is prepared.

APPENDIX 35.

BOMBAY DISTURBANCES ENQUIRY COMMITTEE.

Copy of letter dated the 19th November 1938, from the Secretary to the Bombay Disturbances Enquiry Committee to the Association.

I am directed to forward herewith a copy of the questionnaire issued by the Bombay Disturbances Enquiry Committee and to state that the Committee would like to have the replies of your Association to all or any of the questions in which your Association is interested and of which it has special knowledge. The replies should reach me by the 8th December 1938.

2. I am also to request you to state the name or names of your representative or representatives who will, if necessary, appear before the Committee to support the statement sent in by your Association.

3. I also send herewith 75 more copies of the questionnaire. They may be forwarded to the Managers of the various mills in Bombay, with a request to send their replies to me direct.

PRESS NOTE.

The Bombay Disturbances Enquiry Committee has been appointed to inquire into all the facts relating to the disturbances which took place in the City of Bombay on 7th November 1938, and the precautionary measures and the action taken by the authorities. The terms of reference of the Committee are to inquire into and report on the following matters :—

- (a) the origin, causes, nature and extent of the disturbances which took place in the City of Bombay as a result of the strike on the 7th November 1938 ;
- (b) whether the precautionary measures and the action taken by the authorities before and during the strike were adequate and justified ;
- (c) such other matters as may be germane to the above.

2. The Committee has drawn up a questionnaire, which is published herewith for general information. Members of the public are invited to send replies either to all the questions or only to such of them in which they are interested and of which they have special or personal knowledge. The replies should be addressed to :—

“ The Secretary,
Bombay Disturbances Enquiry Committee, Legal Department, Secretariat,
Bombay ”

so as to reach him by the 8th December 1938. After receipt of the written statements, the Committee will decide what persons should be examined orally.

3. The date on which the Committee will commence its sittings will be notified later. The Committee will conduct its inquiry in public but any part of the proceedings may be conducted *in camera* if the Chairman considers such a course desirable in the public interest.

QUESTIONNAIRE.

- 1. What was the origin of the disturbances which took place on 7th November 1938 ?
- 2. What was the immediate cause of the disturbances on that day ?

3. Was the strike of 7th November 1938 responsible for or connected with the disturbances ? If so, how far ?
4. Were the disturbances due to the action of the strikers ? If so, to what extent ?
5. Were any persons or bodies other than strikers instrumental in bringing about the disturbances ? If so, how far ?
6. On or before the 7th November 1938 what incidents did you see which led to the disturbances of the 7th November ?
7. What was the nature and extent of the disturbances which took place on 7th November ? Give full details of the incidents which you saw.
8. How many persons were injured during the disturbances and what was the nature of the injuries ?
9. What was the extent of the damage to property, if any, caused during the disturbances ? Give details.
10. What precautionary measures, if any, were taken by the authorities to prevent any disturbance ?
11. What criticism, if any, have you to make in respect of the precautionary measures taken by the authorities ?
12. What action, if any, was taken by the authorities during the strike to prevent or check any disturbance ?
13. What action was taken by the authorities to put down the disturbances which took place on 7th November ?
14. What criticism, if any, have you to make in respect of the action taken by the authorities on 7th November ?

Copy of letter No. 5219/253A, dated the 22nd December 1938, from the Association to the Secretary, Bombay Disturbances Enquiry Committee, Bombay.

I am directed to acknowledge the receipt of your letter dated the 19th November, and to forward herewith four copies of the Association's Answers to the Questionnaire issued by your Committee.

My Committee desire to supplement their answers to the questionnaire, and in this connection, your attention is drawn to the enclosed confidential statement* and the annexures* thereto.

My Committee have no objection to representatives of the Association being examined in public on matters dealt with in the answers to the questionnaire, but their examination, as well as the examination of the mill officials mentioned in Annexures D1, D2, D3 and D4 of the confidential statement, on any matters arising from or pertaining to the confidential statement should be held *in camera*.

ANSWERS TO THE QUESTIONNAIRE ISSUED BY THE BOMBAY DISTURBANCES ENQUIRY
COMMITTEE SUBMITTED BY THE COMMITTEE OF THE MILLOWNERS' ASSOCIATION,
BOMBAY.

Question 1.—What was the origin of the disturbances which took place on 7th November 1938 ?

Answer.—In the opinion of the Association the real cause and origin of the disturbances which took place on November 7th, 1938, was the systematic propaganda of the communist leaders of the Red Flag Union and their efforts to re-establish their influence and control over the working classes and more particularly the cotton mill workers in Bombay.

Question 2.—What was the immediate cause of the disturbances on that day ?

Answer.—The immediate cause of the disturbances on the 7th November was the failure of the efforts of the Bombay Provincial Trade Union Congress, which is largely under the influence of the Girni Kamgar Union (Red Flag) to achieve their aim of bringing about a general strike in the mills on that day. In spite of propaganda, picketing and intimidation, more than half the workers in the mills attended work, and a fair number of mills had full complements. According to reports received by the Association from its own Labour Officer and from member mills, all mills were picketed by volunteers of the Red Flag Union, and rowdy crowds gathered round the compounds of working mills and adopted a violent and menacing attitude. These crowds indulged in active intimidation, stone throwing and assaulted and molested loyal workers and the police who had been posted to preserve law and order.

Question 3.—Was the strike of 7th November 1938 responsible for or connected with the disturbances ? If so, how far ?

Answer.—The strike of the 7th November was, in the view of the Association, very largely responsible for the disturbances, and it is safe to say that had no strike been declared for that day by the Council of Action, no disturbances of the type which actually took place would have occurred.

Question 4.—Were the disturbances due to the action of the strikers ? If so, to what extent ?

Answer.—The disturbances were chiefly due to the crowds which collected in the vicinity of the mills. These crowds must have contained many persons who were on strike in addition to unemployed persons and night shift workers.

Question 5.—Were any persons or bodies other than strikers instrumental in bringing about the disturbances ? If so, how far ?

Answer.—The Association is not in a position to say whether any persons or bodies other than the strikers were directly instrumental in bringing about the disturbances. We feel, however, that the reckless speeches made by certain labour leaders from time to time had created a certain amount of disrespect for law and order, and to this extent, these leaders must be considered indirectly responsible for the events which took place on the 7th November 1938.

Question 6.—On or before the 7th November 1938, what incidents did you see which led to the disturbances of the 7th November.

Answer.—The Association's Labour Officer and Assistant Labour Officer reported very great activity and propaganda in favour of a strike for some time preceding the 7th November.

Question 7.—What was the nature and extent of the disturbances which took place on 7th November ? Give full details of the incidents which you saw.

Answer.—It is difficult to give more than a general idea of what was happening, but the reports received from individual mills indicate extensive picketing, stone-throwing, shouting slogans and abuse, and mob violence.

Question 8.—How many persons were injured during the disturbances and what was the nature of the injuries ?

Question 9.—What was the extent of the damage to property, if any, caused during the disturbances ? Give details.

Answer.—A statement showing the nature and extent of the injuries received by mill workers and the extent of the damage to mill property on the 7th November is attached* which shows that no less than 633 workers were injured or assaulted, of whom 221 were treated by mill Doctors or at the mill dispensary and 19 had to be admitted to Hospitals. The losses sustained by damage to property have been estimated at Rs. 1,578-9-0.

Question 10.—What precautionary measures, if any, were taken by the authorities to prevent any disturbance ?

Answer.—Police guards were stationed at road junctions in the vicinity of the mills. A number of mills appear to have provided lorries to bring workers, particularly women workers, living at a distance, to the mills in the morning, and similar provision was made for workers going home from work in the evening by several mill managements. In view of the nervousness, which had been engendered in the minds of workmen who came to work on that day, some mills allowed their workpeople to leave earlier than the usual time in the afternoon. Similarly, in view of the threatening attitude of the crowds in the mill area, certain mills made arrangements to feed workers in the mill compound at the recess hour.

Question 11.—What criticism, if any, have you to make in respect of the precautionary measures taken by the authorities ?

Answer.—The chief criticism we have to make in regard to the precautionary measures taken by the authorities is that, in certain instances, police guards had not been provided near enough to the mills to prevent intimidation of loyal workers at the gates by the Red Flag pickets and the crowds gathered in the vicinity, and in one or two instances, there appears to have been some delay in supplying police protection at critical moments.

Question 12.—What action, if any, was taken by the authorities during the strike to prevent or check any disturbance ?

Question 13.—What action was taken by the authorities to put down the disturbances which took place on 7th November ?

Question 14.—What criticism, if any, have you to make in respect of the action taken by the authorities on 7th November ?

Answer.—The police appear to have acted generally with great restraint in the face of great provocation.

We should, however, like to point out that a number of mills have reported that the police protection was inadequate to meet the needs of the situation.

On occasions like those of the 7th November, of which there was fairly ample warning, the collection of stationary crowds in streets and thoroughfares near the mills should certainly be prevented, and pedestrians should be confined to the sides of the road and kept moving, as otherwise, free access by the employees to their places of employment becomes impossible. What, in short, is required is effective action by the police to prevent obstruction to free movement on roads, streets and gullies leading to the mills. We believe the police already possess the requisite powers to achieve what we have in mind in this connection.

Some regulation of what picketers are permitted or not permitted to do also appears to be necessary. In the first place, picketers should not be permitted to gather in such numbers or stand in such places as would cause any obstruction to the free movement of pedestrian or vehicular traffic. Pickets should not be allowed to wander up and down or to collect in batches. Their work should be confined to peaceful conversational persuasion and they should not be permitted to shout slogans or use abusive language, or better still, they should not be allowed to speak at all, but should only be permitted to exhibit placards calling attention of the workers to what they have to say.

Picketing with intimidation at or near a worker's place of employment should be a cognizable offence. Picketing of any kind at or near a workman's place of residence should be made a criminal and cognizable offence.

That the existing law regarding picketing is entirely inadequate in the conditions which exist in this country was succinctly brought out in a representation submitted by the Association to the Government of India in January 1929, when the all India Trade Disputes Bill was under discussion. This is what the Association then said :—

“ In one particular, namely, picketing, my Association considers the proposed legislation falls short of the present requirements in India. The absence of any special provisions regarding picketing is probably accounted for by the fact that the Hon'ble Member for Industries and Labour recently stated that, in the opinion of the Government of India, the law against picketing in India is ample to prevent intimidation and that it is more severe than the corresponding law in the United Kingdom. My Association holds a contrary view, and desires to stress the necessity for the introduction of restrictions regarding picketing at or near a workman's house similar to those in the United Kingdom”

* * * *

Legal opinion has recently been taken by the Association as to the relative severity of the present law against picketing in India and the United Kingdom, in view of the Hon'ble Member for Industries and Labour having stated that the law in India was more severe than that in the United Kingdom. The results of the Association's enquiries which are summarised below do not uphold the views expressed by the Hon'ble Member for Industries and Labour.

In India there must be intimidation to make picketing illegal. In England there must be intimidation to make picketing illegal at or near the workman's place of employment ; but picketing is illegal *without intimidation* at or near a workman's house if its object is to induce him to abstain from working. In India this would not be an offence, and it is precisely this type of picketing that it is most desirable to prevent. Presumably, the motive which led to this distinction in the English law was that a workman when leaving or entering his place of employment would probably be in company with others and under police protection. At home he would be alone and without protection. On the other hand, to bring Section 503 of the Indian Penal Code into play, substantial threats must be employed before a charge of criminal intimidation can be employed. A common threat in this country that the workman will be outcasted will not fall within this section because Courts have always declined to interfere in caste disputes and any description of peaceful picketing is, therefore, permissible under this Code. While, therefore, the law in the United Kingdom prohibits even peaceful picketing at or near the workman's house to induce him to abstain from working, it is no offence in India if the charge of intimidation cannot be substantiated.

During the last strike in Bombay, picketing was employed to such an extent that even private residences and mill chawls were systematically spied upon to prevent those who actually desired to resume work from doing so. The difficulty of adducing proof of intimidation in such cases, combined with the moral influence it exercised in the minds of illiterate workmen, my Association contends, is more than sufficient justification for steps being taken to prevent what in reality amounts to picketing with intimidation. At one time during the recent mill strike in Bombay, picketing of workmen's houses prevented even essential emergency services in mills from being carried out and under the existing law the Government were powerless to take any action.”

The strike which took place in 1929 when private residences and chawls were systematically picketed to prevent those who desired to go back to work from doing so, brought out very clearly the necessity of putting a stop to a method of intimidation which practically deprives those on whom it is practised of all liberty of action. The evidence of Sir Patrick Kelly, Commissioner of Police, Bombay, before the Pearson Committee of Inquiry and the findings of the Bombay Riots Enquiry Committee strikingly confirm this view, and we hope that the matter will receive the most careful consideration of this Enquiry Committee.

Oral Evidence.—If the Committee of Enquiry consider it desirable, the Association's representatives will be prepared to give oral evidence before the Committee for the purpose of amplifying or substantiating the foregoing statements. As regards the firing by the police which took place in the vicinity of the Elphinstone Mills, the Spring Mills and the Kohinoor Mills, oral evidence, *in camera*, might be given by mill officers who were actually on the spot when firing occurred.

Copy of letter No. 53, dated the 24th December 1938, from the Secretary to the Bombay Disturbances Enquiry Committee to the Association.

- With reference to your letter No. 5219/253-A, dated the 22nd December 1938,* I am directed to state that the Committee would like to examine the mill officers mentioned in the margin at 11 a.m. on Thursday, the 5th January 1939. The representatives of your Association will be examined immediately after the examination of these mill-officers is over. I hope the time and the date given above will be found suitable.
1. Mr. J. Hunt, Weaving Superintendent of the Sassoon Mills.
 2. Mr. Ezekiel D. Musri, Weaving Master, Elphinstone Mills.
 3. Mr. J. A. Sutton, Manager, Kohinoor Mills, Dadar.
 4. Mr. W. Hargreaves of the Spring Mills.

2. The question whether the above mill officials should be examined *in camera* is under the consideration of the Committee.

3. The Committee will be holding its sittings at the Council Hall, Bombay.

Copy of letter No. 70, dated the 3rd January 1939, from the Secretary to the Bombay Disturbances Enquiry Committee to the Association.

I am directed to state that the Committee would like to examine the Labour Officer employed by your Association on Thursday, the 5th January 1939. He will be examined immediately after the examination of the four mill officials mentioned in my letter No. 53, dated the 24th December 1938, is over. I am, therefore, to request you to ask the Labour Officer to remain present at the Council Hall, Bombay, at 11 a.m. on the date mentioned above.

2. The Committee would also like to examine the workers shown in the accompanying statement.* Kindly make arrangements to keep them present at the Council Hall, Bombay, at 11 a.m. on Saturday, the 7th January 1939.

3. I am also to request you to let me know the names of the representatives who will give evidence on behalf of your Association.

Copy of letter No. 38/253, dated the 4th January 1939, from the Association to the Secretary to the Bombay Disturbances Enquiry Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 70, dated the 3rd January 1939, and to say that the Association's Labour Officer has been requested to be present at the Council Hall at 11 a.m. on the 5th instant.

* Not printed

I presume that representatives of the Association will be examined in the following order on the 5th :—

First, the four Mill Managers whose statements were forwarded to you, *vide* enclosures D-1, D-2, D-3 and D-4 to our confidential statement. The evidence of these Officers will, it is understood, be recorded *in camera*.

Second, the oral examination of the representatives of the Association on matters arising from their answers to the Questionnaire. Evidence on such matters will be led by :—

Mr. Krishnaraj M. D. Thackersey (*Chairman*).

Mr. H. F. Milne (*Dy. Chairman*).

Mr. R. G. Gokhale (*Labour Officer*), and

Mr. T. Maloney (*Secretary*).

Third, examination of the Association's Labour Officer.

I shall be glad if you will kindly let me know whether the order indicated above is correct.

With regard to the second paragraph of your letter under reference, I have written to the mills concerned requesting them to grant the necessary facilities to their workers to appear before your Enquiry Committee.

APPENDIX 36.

SHOP ASSISTANTS BILL.

Copy of letter No. L.O.1620, dated the 15th March 1938, from the Commissioner of Labour, Bombay, to the Association.

I am directed to inform you that Government intend to introduce in the next session of the Legislative Assembly legislation on the subject of hours of work of shop assistants and commercial employees. I enclose for your consideration a draft Bill on the subject and shall be glad if you will kindly let me have the views of your Association on the various provisions of the Bill at your earliest convenience and in any case not later than 18th April 1938. In this connection, I may invite your attention to the Report on an Enquiry into Wages, Hours of Work and Conditions of Employment in the Retail Trade of some Towns in the Bombay Presidency published by the Labour Office in 1936, copies of which can be obtained from the Superintendent, Government Printing and Stationery, Bombay.

A Bill to Regulate the Hours of Work of Shop Assistants and Commercial Employees and for certain other purposes.

1. This Act may be called the Bombay Shops Act, 193 .

2. (i) It extends to the whole of the Province of Bombay but shall come into operation in the first instance only in the City and Island of Bombay and the towns of Ahmedabad, Poona and Sholapur ; but the Governor may, by notification, direct that it shall come into operation in any other local area on such date as may be specified in such notification.

(ii) It shall come into force on such date as the Governor may, by notification in the *Bombay Government Gazette*, appoint.

3. The Act shall apply to persons employed in the following classes of establishments, namely :—

- (i) Shops ;
- (ii) Commercial Establishments ;
- (iii) Hotels, Restaurants, Eating Houses, Theatres, Cinemas and similar places of entertainment :

Provided nothing in this Act shall apply to domestic servants, care-takers or watchmen or to persons employed in a supervisory capacity in any such establishment.

4. *Definitions.*—In this Act, unless there is anything repugnant to the subject or context :—

- (a) “ Shop ” means any premises where merchandise is sold either by retail or wholesale or both and for the purpose of this Act includes offices, warehouses or godowns, whether in the same premises or otherwise, used in connection with such trade or business, hairdressers’ and tailors’ shops and similar establishments. ■
- (b) “ Commercial establishment ” means any premises, other than a shop or factory, wherein a trade or business is carried on.
- (c) “ Employer ” means the owner of the business carried on in any premises used as a shop, commercial establishment, restaurant, theatre or any other establishment covered by this Act, and shall include the representative of such owner in the said business.
- (d) “ Person employed ” means,
 - (i) in the case of a shop, a person wholly or mainly employed in connection with the serving of customers, the receipt of orders or the despatch or handling of goods, and includes a clerk ;
 - (ii) in the case of a commercial establishment, a person wholly or mainly employed in clerical work including typing, book-keeping and the operation of mechanical appliances used in connection therewith, or as a peon ;
 - (iii) in the case of a hotel, restaurant, eating house, etc., a person wholly or mainly employed in the preparation or the serving of food or in attendance upon customers or in cleaning any part of the premises or the utensils used therein.
- (e) “ Child ” means a person who has not completed his fifteenth year.
- (f) “ Young person ” means a person who has completed his fifteenth year but has not completed his seventeenth year.
- (g) “ Hours of work ” means the time during which the person employed is at the disposal of the employer, exclusive of any intervals allowed for rest or meals.
- (h) “ Day ” means a period of twenty-four hours beginning at midnight, provided that where the hours of work of a person employed extend beyond midnight the ensuing day for him shall be deemed to be the period of twenty-four hours beginning when such employment ends, and the hours he has worked after midnight shall be counted towards the previous day.
- (i) “ Week ” means a period of seven days beginning at midnight on Saturday night.

- (j) "Whole holiday" means a day on which a person is not employed about the business of a shop, a commercial establishment or any other establishment covered by this Act.
- (k) "Factory" means any premises to which the provisions of the Factories Act, 1934, apply or have been applied.
- (l) "Local authority" means the local authority as defined by the General Clauses Act, 1897, or the Bombay General Clauses Act, 1904.
- (m) "Prescribed" means prescribed by rules made under this Act.

5. *Hours of Work*.—Subject to the provisions of this Act, the hours of work of a person employed in a shop shall not exceed nine on any one day.

6. Shops may be exempted from the provisions of section 5 during the week before X'mas, Diwali week, etc., or on such days as may be prescribed.

7. Subject to the provisions of this Act, no person shall be employed in a commercial establishment for more than nine hours on any one day or 54 hours in any week, exclusive of intervals for rest or meals.

8. Commercial establishments shall be exempted from the provisions of Section 7 during the preparation of periodical accounts or balance sheets or by reason of a special emergency, provided that the number of days on which such work is carried on does not exceed fifteen in a calendar year.

9. No person shall be employed in a hotel, restaurant, eating house, etc., for more than nine hours on any one day, exclusive of intervals for rest or meals.

10. The establishments specified in section 9 may be exempted from the provisions of that section on such days as may be prescribed.

11. *Intervals for rest*.—Every employee shall be granted, during the period of daily employment, an interval of at least one hour for rest or meals, provided that no employee shall be employed for more than six hours without an interval for rest of at least half an hour.

12. *Spreadover*.—The periods of work of a person employed in an establishment subject to this Act shall be so arranged that along with the intervals for rest they shall not spread over more than twelve hours in a day, provided that where the establishment is entirely closed for a period of not less than three hours between 7 a.m. and 9 p.m. the spread-over may extend to fourteen hours.

13. *Holidays*.—Every person employed in a shop or in a commercial establishment or in any other establishment which is subject to this Act shall be entitled to 52 whole holidays with pay in each calendar year of which at least four must be given in each calendar month.

14. Where a person employed is required to work on a holiday notified as such under the Negotiable Instruments Act he shall be entitled to receive an extra day's holiday in lieu thereof in addition to any holidays which may be due to him under the provisions of section 13.

15. *Employment of children and young persons*.—No child under the age of twelve years shall be employed in any of the establishments subject to this Act, provided that any child who was so employed on _____ may continue to be so employed on receiving a certificate of fitness from the Certifying Surgeon.

16. No child shall be employed in or about the business of an establishment covered by this Act before 6 a.m. or after 7 p.m.

17. The hours of work of a child shall not exceed six on any one day.
18. The hours of work of young persons shall not exceed eight on any one day.
19. Children and young persons shall be entitled to the same holidays as other employees.
20. *Closing Hours.*—Government may, after such enquiry as may be prescribed and after consultation with the local authorities and the employers affected, issue an order fixing the hours at which shops must be closed.

21. The order issued under section 20 may :—

- (1) fix the same closing hour for all shops in a specified area ;
- (2) fix different closing hours for different classes of shops in the same area ;
- (3) fix different closing hours for different parts of the area ;
- (4) fix different closing hours for different periods of the year ;

and the said order may provide for such exemption from the closing order as Government may deem necessary, having regard to the nature of business carried on, the locality, and so forth.

22. *Enforcement.*—It shall be the duty of every local authority to administer and enforce this Act within its area, but the Provincial Government may exercise such powers of supervision as may be prescribed.

23. For the purpose of carrying out the provisions of this Act the local authorities and Government may require the maintenance of such records as are prescribed.

24. For the purpose of carrying out the provisions of this Act the local authorities and Government may appoint inspectors. An inspector with such assistants, being persons in the employment of Government or of any local authority, as he thinks fit, may enter any place which is or which he has reason to believe to be an establishment subject to the provisions of this Act and may make such examination of the premises and the prescribed registers and take such evidence of any persons as he may deem necessary for carrying out the purposes of this Act.

25. Any person who wilfully obstructs an inspector in the exercise of any power conferred by this Act, or who fails to comply with a lawful requirement made by an inspector shall be guilty of an offence.

26. *Penalties.*—Any person who contravenes any of the provisions of this Act shall be liable for the first offence to a fine not exceeding rupees, and for any subsequent offence to a fine not less than rupees and not more than rupees.

27. All offences against this Act shall be prosecuted in like manner as offences are prosecuted under the Indian Factories Act, 1934.

Copy of letter No. L.O. 2042, dated the 5th April 1938, from the Commissioner of Labour, Bombay, to the Association.

In continuation of my letter No. 1620, dated 15th March 1938, I have the honour to inform you that Government propose to take powers for the fixing of closing hours of commercial establishments and other establishments covered by the above Bill as in the case of shops. I shall be glad, therefore, if you will kindly take these modifications into consideration when expressing your views on sections 20 and 21 of the draft Bill.

Copy of letter No. 1951/100, dated the 26th April 1938, from the Association, to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letters No. 1620, dated the 15th March and No. 2042, dated the 5th April, requesting my Committee to express an opinion on the provisions of a draft " Bill to Regulate the Hours of Work of Shop Assistants and Commercial Employees, etc.," and to say that while my Committee are in agreement with the broad principles underlying the Bill, namely, the limitation of the number of working hours per day of persons employed in shops, commercial establishments, eating houses, etc., they would like to urge certain considerations of a practical character which, in their opinion, should be given due weight in framing a legislative measure of this character.

In the first place, it may be pointed out that by the proposed inclusion of commercial establishments within the purview of the legislation, Government have gone beyond what is usual in Western Countries, and my Committee are inclined to think that, for the present at any rate, commercial establishments should be excluded from the scope of the Bill, and they are supported in this view by the fact that ordinarily employees in commercial establishments do not usually have to work excessively long hours, and their inclusion would add greatly to the difficulties and cost of administration.

My Committee note that Government contemplate the administration of this legislation by local authorities, e.g., Municipal or District Board authorities. The very large number of establishments to which the Bill would be applicable would necessitate the engagement of a large inspecting staff and would involve local authorities in considerable expense, which, taking into consideration the present financial position of some of them, could not be met without further taxation.

The main object which the Bill apparently has in view is to regulate the hours of work of shop assistants. In this view of the case, it is not clear why Government should have gone out of their way to ask for powers to fix the hours of work at which establishments must be closed down. My Committee strongly feel that the closing or opening time of business establishments should ordinarily be regulated by the trade organizations concerned in the interests of public convenience and that Government should not interfere except to the extent of regulating the number of hours which different classes of persons should be allowed to work, unless the trade itself is unable to prevent gross abuses. My Committee would, therefore, suggest that no restrictions on opening or closing hours for any particular class of establishments should be introduced or insisted on until a public enquiry has established the need for regulation in the interest of the trade or business concerned and of the general public.

In framing the Bill, Government do not seem to have taken into consideration the case of establishments which are run by members of the same family. It is not clear from the definition of the term " person employed " in Clause IV(d) whether the members of a family occupied, for instance, in a Family Grocery Shop, or hotel, would come within the scope of the provisions of the Bill. If, however, the Bill applies to them also, a substantial portion of their income would hereafter have to be expended for the engagement of additional staff since these establishments often remain open for 14 or 15 hours per day, though not continuously.

This is the first time that Government have made an organized attempt to regulate conditions of work of shop assistants. In other words, the legislation is experimental and its life should, therefore, be limited to a short period, and it might be extended at the end of the period with such amendments as have been found desirable as a result of practical experience.

Another suggestion which my Committee wish to make is that the provisions of the Factory Act which regulates the conditions and hours of work of industrial workers might with advantage have been more closely followed.

Turning to the detailed provisions of the Bill, my Committee wish to make the following comments :—

Clause III.—The list of exemptions specified in the proviso seems to be inadequate and requires very careful examination. In any event, until further experience of the working of the Act is gained, the following establishments among others should, in our view, be exempted :—

- (a) Establishments engaged in shipping or inland transport.
- (b) Establishments engaged in the sale of medicines and medicinal appliances.
- (c) Establishments engaged in the sale of fuel.
- (d) Automobile and other vehicular repair shops and spare parts depots.
- (e) Shops where business of distribution or sale is done by slot machines.
- (f) Railway Restaurants.
- (g) Private Hospitals and Nursing Homes.
- (h) All persons employed in any shop, commercial establishment or hotel in any capacity whatsoever who are in receipt of a monthly remuneration exceeding Rs. 100.

Clause IV.—The definition of the term “ employer ” would appear to require amplification. As at present worded, it does not appear to cover shops, establishments, etc., owned by Joint Stock Companies or partnerships. In the circumstances, it is thought that this definition be modelled on the basis of the definition of the term “ occupier ” referred to in Section 2(1) of the Indian Factories Act.

Clauses V to XII.—The provisions relating to daily and weekly hours of work, intervals for rest, spreadover, weekly holidays, etc., and the circumstances under which exemptions are granted from the provisions of these Clauses, rates of overtime work, etc., should closely follow the provisions of the Indian Factories Act—*vide* Sections 34, 35, 36, 37, 38 44 and 47 of the Indian Factories Act,—and in any event, the limit of 9 hours per day in the case of adults should not be insisted upon since in commercial offices it is a very general rule to work only half a day on Saturdays and the total hours worked per week do not ordinarily exceed the fifty-four hour prescribed for industrial workers.

Clause XIII.—In the initial stages of the legislation, my Committee would certainly not like to go further than Section 35 of the Indian Factories Act which provides for a weekly holiday on Sunday. This Clause need not and should not be complicated by introducing the principle of a “ paid ” holiday on Sunday since the majority of the employees affected by the measure would be in receipt of fixed monthly salaries.

Clauses XV to XVIII.—While the Bill is inclined to be lenient towards adult employees who will not be permitted to work for more than 9 hours a day as against 10 hours permissible for industrial workers under the Indian Factories Act, it prescribes a longer working span for children who are permitted to work 6 hours as against 5 under the Indian Factories Act. My Committee consider that here again the provisions in regard to conditions of work of children and young persons should follow the lines laid down in the Factories Act.

Clauses XX and XXI.—My Committee have already referred to the principle underlying these two Clauses. They would only like to urge that if Government are still of the opinion that they should have the powers proposed to be conferred on them by these Clauses, the whole question should be thoroughly examined by a Committee of Inquiry in order to ascertain whether in the interests of the State, the trade and the public convenience, the establishments referred to should be closed down at particular hours.

Clause XXVI.—My Committee's objection to this Clause is that it contemplates the fixation of one punishment for any offence under the Act without taking into consideration the gravity of the offence committed. It is, therefore, suggested that the various offences under the Act be classified as set forth in the Indian Factories Act (*vide* Sections 60 to 69), and suitable maximum monetary penalties be imposed for each type of offence.

There are two or three matters to which my Committee would like to refer though these have not been specifically mentioned in the Bill. Firstly, they would like to ensure that such Rules as may be prepared by the local Government for the administration of the Bill shall be subject to previous publication in the Gazette for public criticism. Secondly, they would like the Act or the Rules thereunder to include a provision to the effect that such abstracts from the Act or the Rules thereunder as may be selected by the prescribed authority in the vernacular or vernaculars current in the locality shall be put up in a conspicuous place in every establishment covered by the Act, and maintained in a legible condition by the employer. Thirdly, so far as my Committee are aware, the Bill does not contain any provisions on the lines of Sections 77 and 78 of the Indian Factories Act which empower the Government of India and the Government of Bombay to make Rules for the administration of the Act. My Committee also feel that for the effective administration of the Act, it may be necessary to include in the Bill provisions similar to those outlined in Section 9 of the Indian Factories Act which call upon every employer to give the authorities appointed under the Act written notice before the commencement of operations.

In conclusion, my Committee would like to point out that they have been somewhat handicapped by the lack of any authoritative statement of objects and reasons or Notes on Clauses of the Bill. In view of the importance of the measure and the very large number of establishments it will affect, my Committee urge that the final and complete Bill should be circulated for public criticism with full Notes on all Clauses in order that Government may have the considered views of all parties concerned before introducing the Bill in the Assembly.

Copy of letter No. L.O.3275, dated the 22nd June 1938, from the Commissioner of Labour, Bombay, to the Association.

With reference to your letter No. 1951/100 of 1938, dated the 26th April 1938, regarding the Shop Assistants Bill, wherein you state that the existing conditions regarding hours of work, holidays, leave, etc., in commercial establishments are generally satisfactory and give no cause for complaint, I shall be glad if you will kindly let me know briefly at your earliest convenience the present practice in this respect in establishments controlled by your members.

Copy of letter No. 3157/100, dated the 27th July 1938, from the Association to the Commissioner of Labour, Bombay.

Following the receipt of your letter No. 3275, dated the 22nd June 1938, I sent out a short questionnaire to about 30 Agency Firms in order to ascertain the general practice followed in their Bombay Offices as regards hours of work, leave, etc., of their clerical staff. From the replies received, it would appear that the hours of work do not normally exceed 40 per week. There is, of course, some variation from office to office, but a longer working day than seven hours is an exception. About half the firms reported that a shorter day was worked on Saturdays.

In almost all cases a recess is given in the middle of the day varying from half to one hour. The majority of firms report that normal hours are exceeded at the time of half-yearly, and annual making up of accounts. More than half the number of firms consulted stated that their staff are not expected to attend work on Bank Holidays. Leave with pay is common to most establishments, though in a few cases no definite rules are followed. Leave given varies from one week to four weeks per year. Sick leave is normally granted on production of a medical certificate although the latter is not always insisted upon.

It may be noted that the enquiry only related to commercial establishments attached to Agents' offices and did not cover the clerical staff employed at the mills.

APPENDIX 37.

ANNUAL LEAVE WITH PAY FOR WORKERS.

The following Bill, for the introduction of which leave was granted to Mr. S. C. Joshi, M.L.C., at the meeting of the Bombay Legislative Council on the 17th January 1938, is published under rule 20 of the Bombay Legislative Council Rules :—

L. C. BILL No. II OF 1938.

A Bill to provide for grant of annual leave with pay to certain classes of workmen by their employers.

Whereas it is expedient to provide for the grant of leave, periodically, with pay, by employers to their workmen ; it is hereby enacted as follows :—

1. *Short title, extent and commencement.*—(1) This Act may be called the Bombay Annual Leave Act, 193 .

(2) It extends to the whole of the Province of Bombay.

(3) It shall come into force on such date as Government may, by notification in the *Official Gazette*, appoint.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

(1) “ Annual Leave ” means leave with pay as prescribed in this Act, other than leave on half pay or without pay due to sickness, convalescence, accident or any other cause.

(2) “ Continuous Employment ” means an employment which is not interrupted by absence of the workman other than absence due to illness, accident, leave with permission of the employer or absence for a total period not exceeding twenty days in an employment year.

Explanation.—The termination of a contract of employment shall not be deemed to be an interruption, if the contract is renewed within three months of its termination.

(3) “ Employer ” includes any body of persons whether incorporated or not and any managing agent of an employer and the legal representative of the deceased employer.

(4) “ Employment Year ” means a period of one year commencing on the day on which a workman last entered the employment or on an anniversary of that day.

(5) “ Managing Agent ” means any person appointed or acting as the representative of another person for the purpose of carrying on such other person's trade or business, but does not include an individual manager subordinate to an employer.

(6) “ Pay ” includes any privilege or benefit which is capable of being estimated in money, other than a travelling allowance, or the value of any travelling concession.

- (7) " Workman " means a workman as defined in clause (n) of section 2 (1) of the Workmen's Compensation Act, 1923. But it shall not include (a) a workman in regard to whose conditions of service the Provincial Legislature has not power to make laws ; or (b) a member of the Police Force.
- (8) " Year " means a calendar year according to the Gregorian Calendar.

WORKMEN'S LEAVE.

3. *Period of leave.*—Every employer shall allow to each workman annual leave with pay for a period of not less than thirty days in every complete employment year of such workman during which he has been in continuous employment with him.

4. *Grant of leave.*—(1) Annual leave shall be granted in a single period or in instalments of not less than five days each, at the time and in the manner best suited to the interest of the establishment or undertaking to which the workman belongs.

(2) Members of a family, who are employed in the same establishment or undertaking, shall be allowed to take their annual leave during the same period, if they so desire.

5. *Taking of leave compulsory.*—The taking of annual leave shall be compulsory and it shall not be lawful for a workman to renounce or otherwise commute it in any way.

6. *Accumulation of leave.*—Annual leave shall be granted either in the current employment year or after the completion of each year's service. In the latter case, it shall be granted not later than the twenty-third month after the beginning of the year in which the right to annual leave arose.

Provided that it shall be lawful for the employer and the workman to agree, in writing, to have the annual leave accumulated and taken at one time, up to a maximum of not more than three months.

7. *Treatment of holidays.*—Annual leave shall include intervening holiday recognised by the employer ; provided that where such holiday precedes or succeeds the duration of leave, the same shall not be included in leave and shall be allowed to be prefixed or affixed thereto or both.

WORKMEN'S WAGES DURING LEAVE.

8. *Remuneration during leave.*—(1) Every employer shall pay to his workman who has been on annual leave, for the leave period, the same pay as he was receiving at the beginning of the annual leave.

(2) If payment is made for the work at the piece-rates or by the jobs, the pay for the leave period shall be calculated on the basis of the average remuneration earned by the workman during the three months immediately preceding the leave.

WORKMEN'S LIABILITY.

9. *Remunerative work during leave not permitted.*—(1) It shall not be lawful for a workman during the period of the annual leave to do any work for pay or remuneration in another undertaking or establishment.

(2) A workman who does any work in contravention of sub-section (1) shall forfeit the right to receive his pay for that leave period.

10. *Forfeiture of right to leave.*—A workman shall forfeit his right to annual leave of that year if he himself terminates the contract of employment or if it is terminated for reasons which entitle an employer to terminate the contract of employment without previous notice.

11. *Pay for leave period when employment terminates before end of employment year.*—An employer, who terminates the contract of employment of his workman for reasons other than those not requiring previous notice, shall pay to such workman, in addition to other dues, an amount which is equal to the period of the proportionate leave due.

EMPLOYER'S LIABILITY.

12. *Denial of leave punishable.*—(1) An employer, who being responsible for the grant of annual leave to a workman to which he is entitled under the provisions of this Act, neglects, refuses, or otherwise withholds the annual leave that is due or any part thereof, shall be punishable with fine which may extend to four times the amount of pay of the workmen for the period of the leave so neglected, refused or withheld.

(2) Out of the fine when recovered, an amount equal to the pay of the workman for the period of the leave so neglected, refused or denied, shall be paid to such workman.

13. *Notice of leave.*—(1) An employer shall give to every workman to whom he is required to allow annual leave, notice, in writing, of the day on which such annual leave will begin and shall give such notice not less than one month before such day.

(2) An employer who fails or neglects to give the notice mentioned in sub-section (1) shall be punishable with fine not exceeding the remuneration of the workman for the period of leave due to him.

SAFEGUARDS AGAINST ADVERSE EFFECTS.

14. *Contract to lessen right to leave void.*—Any contract or agreement, whether made before or after the commencement of this Act, whereby a workman relinquishes or reduces any right of leave to which he is entitled under this Act, shall be null and void in so far as it purports to remove or reduce the right of the workman to obtain leave under this Act.

15. *Act not to curtail any existing rights.*—A workman, who has hitherto been granted annual leave with pay longer than that specified in this Act, shall continue to take such leave and the employer shall not be entitled to enforce the conditions herein laid down in such cases.

MISCELLANEOUS.

16. *Transfer of ownership not to affect the workman's right to leave.*—Where the ownership of an establishment or undertaking is transferred by act of parties or operation of law, every workman, who is employed in such undertaking or establishment immediately before such transfer, shall be entitled to reckon for the purposes of this Act, the period of his continuous employment in such undertaking.

17. *Reference to Commissioners.*—If any question arises in any proceedings under this Act, as to the liability of any employer to grant annual leave to any workman (including any question as to whether the person employed is or is not a workman) or as to the duration or periodicity of such leave and the remuneration during leave period, or as to the neglect, refusal or withholding of leave by the employer, the question shall be settled by a Commissioner.

18. *Appointment of Commissioners.*—(1) Government may, by notification in the *Official Gazette*, appoint any person to be a Commissioner for the purposes of this Act, for such local area as may be specified in the notification.

(2) Where more than one Commissioner has been appointed for any local area, Government may, by general or special order, regulate the distribution of business between them.

19. *Power of Government to make rules.*—(1) Government may make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters namely :—

- (a) prescribing the form and procedure in which the employer shall maintain the account of service and of pay earned by his workman ;
- (b) prescribing the form and procedure in which the employer shall maintain the account of annual leave earned and enjoyed by the workman ;
- (c) prescribing the procedure to be followed by the Commissioners in the disposal of cases under this Act, and by the parties in such cases ;
- (d) regulating the transfer of matters and cases from one Commissioner to another ;
- (e) regulating the scale of costs which may be allowed in proceedings under this Act ;
- (f) prescribing and determining the amount of fees payable in respect of any proceedings before a Commissioner under this Act ;
- (g) prescribing the form and procedure for maintenance by Commissioners of registers and records of proceedings before them.

20. *Publication of Rules.*—(1) The power to make rules conferred by section 19 shall be subject to the condition of the rules being made after previous publication.

(2) Rules so made shall be published in the *Official Gazette* and shall have effect from such date as may be specified by Government :

Provided, however, that a period of at least three months shall be allowed to run from the date on which the rules were published to the date on which they come into effect.

(3) The rules made shall be laid on the table of the Provincial Legislative Council and Assembly for not less than one month previous to the next session thereof and shall be liable to be rescinded or modified by a resolution of the said Council and Assembly. If any rule is so modified, Government shall republish the rule accordingly or rescind the rule.

STATEMENT OF OBJECTS AND REASONS.

Periodical rest is as essential to human body as food. Since the development of industry in modern times, there has been a growing realisation of the necessity of giving to workmen an opportunity of relaxation from work and for recuperation of their health. This is secured by the grant of annual periodical leave. In almost every civilised country in the world, employers as well as Governments have realised the importance of annual leave with pay. In some countries this is secured by legislation; in others, it is done merely by agreements, administrative rules, regulations or bye-laws.

2. The question of granting annual leave with pay was considered by the International Labour Conference and a Convention was adopted with the requisite majority in the 20th Session in June 1936.

3. Legislation has been passed on this subject in countries like Irish Free State, France, Switzerland, Germany, Denmark, Sweden, Austria, Italy, Chile, Brazil and China. In India, the Government of India and the Provincial Governments as well as Municipalities, Local Bodies, Local Boards and many private firms and employers grant leave according to the rules made by them.

4. The views of the Government of India in this matter are expressed in their letter No. L-1831, dated 14th June 1937, to all Provincial Governments and Administrations, wherein they observe :—

“ The Government of India believe that the general principle of holidays with pay is a sound one, and it is securing increasing recognition in labour legislation in other countries. In India, workers in most Government establishments and in some private ones receive paid holidays ”

5. This Bill is intended to secure a minimum period of annual leave with pay to persons employed in the commercial and industrial undertakings and other organised bodies.

6. The Bill secures thirty days as the minimum period of leave during an employment year and the same can be granted either in a single period or in instalments of not less than five days each (clauses 3 and 4). Taking of the leave has been made compulsory and renouncing it is not lawful (clause 5). The workman is entitled to full pay during leave (clause 8) and is liable to forfeit his right to annual leave in certain cases (clauses 9 and 10). Provision has also been made to safeguard any existing right of leave if it is better than the one secured by this Bill. The other clauses of the Bill are self-explanatory.

*Copy of letter No. 1028/95, dated the 9th March 1938, from the
Association to Mr. F. Stones, O.B.E., M.L.C.*

As you are aware, at the last meeting of the Committee held on Wednesday, the 2nd March, consideration was given to Mr. Joshi's Bill which seeks to provide for the grant of annual leave with pay to certain classes of workmen, and it was decided that you should be furnished with a note setting out the general point of view of the Association on the proposals contained in the Bill.

You will remember that the question of annual holidays with pay for industrial workers was considered by the Association in 1935 and again last year, and I think I can do no better than send you copies of the representations we submitted to Government on these two occasions.

It will be observed that our opposition to a measure of this nature is based principally on the following grounds :—

(1) That the expenditure involved in granting a holiday with pay would constitute a heavy charge in the existing financial position of the industry, more especially having regard to the fact that several mills in Bombay have already committed themselves to welfare work in the shape of crèches, etc.

(2) That the adoption of the proposal would entail a much heavier expenditure for mills in Bombay and Ahmedabad (who now pay the highest wages) than in other centres.

(3) That even countries which are much more advanced than India is with regard to industrial development, do not appear to have accepted the principle of a paid holiday.

(4) That any such scheme would be found to be unworkable in practice, since it would tend to accentuate the complications arising out of a larger number of leave applications during the “ leave season,” thereby seriously affecting the efficiency of the mills, and

(5) That the principle of a paid holiday is receiving increasing attention on the part of Indian employers ; and that such schemes as are already in operation will be extended by employers as and when financial conditions permit.

For all these reasons, the Association is of the opinion that no legislation of the type contemplated by Mr. Joshi is called for in this country.

In this connection, you will recollect that, very recently, the Association was asked to express an opinion on a proposal framed by the Government of Bombay for the provision of a joint sickness insurance-cum-holidays with pay scheme for industrial workers. The views expressed by the Association on the scheme formulated by Government will be found in our letter to the Commissioner of Labour, dated the 29th November 1937, a copy of which is also enclosed* for your perusal.

APPENDIX 38.

BOMBAY MONEY-LENDERS' BILL.

Copy of letter No. 9710/3-B., dated the 11th February 1938, from the Secretary to the Government of Bombay, Home Department, to the Association.

I am directed to forward herewith a copy of a Bill to regulate the transactions of money-lending in the Province of Bombay which has been introduced in the Bombay Legislative Assembly and referred to a Select Committee and to request you to favour Government with the opinion of the Bombay Millowners' Association, Bombay, on the Bill before the 28th February 1938.

The following Bill is published under rule 18 of the Bombay Legislative Assembly Rules :—

BILL NO. VII OF 1938.

A Bill to regulate the transactions of money-lending in the Province of Bombay.

Whereas it is expedient to make better provision for the regulation and control of transactions of money-lending ; it is hereby enacted as follows :—

CHAPTER I.

1. *Short title, extent and commencement.*—(1) This Act may be called the Bombay Money-lenders Act, 1938.

(2) It extends to the whole of the Province of Bombay.

(3) It shall come into force on such date as the Provincial Government may by notification in the *Official Gazette* appoint in this behalf.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

(1) “ Bank ” means a Banking Company as defined in section 277F of the Indian Companies Act, 1913, whether incorporated in or outside British India ;

(2) “ Capital ” means a sum of money which a money-lender invests in the business of money-lending ;

(3) “ Company ” means a company as defined in the Indian Companies Act, 1913, or formed in pursuance of an Act of Parliament, or by a Royal Charter or Letters Patent, or by an Act of the Legislature of a British Possession ;

(4) “ Competent Court ” means a Court empowered under section 3 to entertain proceedings under this Act and to pass orders therein ;

- (5) "Co-operative Society " means a society registered or deemed to have been registered under the Bombay Co-operative Societies Act, 1925, or the Co-operative Societies Act, 1912, or any Act of any other Provincial Legislature relating to such society ;
- (6) "Interest " includes any sum by whatsoever name called, in excess of the principal paid or payable to a money-lender in consideration of or otherwise in respect of a loan, but does not include any sum lawfully charged in accordance with the provisions of this Act, or any other law for the time being in force by a money-lender for or on account of costs, charges or expenses ;
- (7) "Licence " means a licence or a supplementary licence granted under section 10 and includes a licence granted under section 14 ;
- (8) "Licence duty " means the duty payable in respect of a licence ;
- (9) "Loan " means an advance, whether of money or in kind, and includes any transaction which is in substance a loan but does not include—
 - (a) a deposit of money or other property in a Government Post Office Bank or any Bank or in a company or with a co-operative society ;
 - (b) a loan to, or by, or a deposit with any society or association registered under the Societies Registration Act, 1860, or any other enactment relating to a public, religious or charitable object ;
 - (c) a loan advanced by Government or by any local authority authorised by Government ;
 - (d) a loan advanced by a co-operative society ;
 - (e) an advance made on the basis of a negotiable instrument as defined in the Negotiable Instruments Act, 1881, other than a promissory note ;
- (10) "Money-lender " means an individual or an undivided Hindu family or an unincorporated body of individuals or body corporate incorporated under any law in British India, or any place outside British India, or stands to any such body corporate in the relation of a subsidiary body, who or which—
 - (i) carries on the business of money-lending in the Province ; or
 - (ii) has his or its principal place of such business in the Province ; and includes a pawn-broker ;
- (11) "Money-lending business " or "business of money-lending " means the business of advancing loans either solely or in common with any business ;
- (12) "Pawn-broker " means a pawnee as defined in section 172 of the Indian Contract Act, 1872 ;
- (13) "Prescribed " means prescribed by rules under this Act ;
- (14) "Principal " means in relation to a loan the amount actually lent to the debtor ;
- (15) "Proceedings under this Act " means proceedings under sub-section (3) of section 10, or sub-section (3) of section 15, or under sections 16, 17, 35, or 36 ;
- (16) "Province " means the Province of Bombay ;

- (17) " Register " means a register of money-lenders maintained under section 7 ;
- (18) " Registrar " means the Registrar of money-lenders appointed under section 6 ;
- (19) " Rules " means rules made under this Act ;
- (20) " Schedule " means the schedule appended to this Act ; and
- (21) " Suit to which this Act applies " means any suit or proceeding—
 - (a) for the recovery of a loan made after the commencement of this Act ;
 - (b) for the enforcement of any security taken or any agreement whether by way of settlement of account or otherwise, made after the commencement of this Act in respect of any loan made either before or after the commencement of this Act ; or
 - (c) for the redemption of any security given after the commencement of this Act in respect of any loan made either before or after the commencement of this Act.

CHAPTER II.

CONSTITUTION AND POWERS OF COURTS IN PROCEEDINGS UNDER THIS ACT.

3. *Competent Courts under the Act.*—The Courts referred to herein as Competent Courts, having jurisdiction to entertain proceedings under this Act and to pass orders therein are :—

(a) In the City of Bombay—

- (i) the Court of the Presidency Small Causes Court—in proceedings under this Act to which a money-lender (who carries on the business of money-lending in the City and whose capital is or is intended to be, as the case may be, less than Rs. 10,000 in the year in which the proceedings are held) is a party ;
- (ii) the High Court in its ordinary original jurisdiction—in proceedings under this Act to which a money-lender (who carries on the business of money-lending in the City and whose capital is or is intended to be, as the case may be, Rs. 10,000 or more in the year in which the proceedings are held) is a party ;

(b) Outside the City of Bombay—

- (i) the Court of the Second Class Subordinate Judge—in proceedings under this Act to which a money-lender (who carries on or intends to carry on the business of money-lending within the local limits of such Court and whose capital is or is intended to be, as the case may be, less than Rs. 10,000 in the year in which such proceedings are held) is a party ;
- (ii) the Court of the First Class Subordinate Judge—in proceedings under this Act to which a money-lender (who carries on the business of money-lending within the local limits of the jurisdiction of such Court and whose capital is or is intended to be, as the case may be, Rs. 10,000 or more in the year in which such proceedings are held) is a party.

4. *Procedure in Competent Courts.*—Subject to the provisions of this Act, a Competent Court in regard to proceedings under this Act shall have the same powers and shall follow the same procedure as it has and follows in regard to civil suits.

5. *Appellate Courts.*—(1) Any person aggrieved by a decision or order in proceedings under this Act may appeal—

- (a) to the High Court in its appellate jurisdiction from a decision or order passed by the High Court in its ordinary original jurisdiction or by the Court of the Presidency Small Causes Court ;
- (b) to the District Court from a decision or order passed by the Court of a Second Class or First Class Subordinate Judge.

(2) Any person aggrieved by a decision or order of a District Court in appeal under sub-section (1) may, subject to the provisions of section 100 of the Code of Civil Procedure, 1908, appeal to the High Court in its appellate jurisdiction.

(3) (a) The period of limitation for appeals under sub-section (1) shall be 30 days and for appeals under sub-section (2) 90 days ;

(b) The provisions of the Indian Limitation Act, 1908, applicable to appeals shall, so far as may be, apply to appeals under this section.

CHAPTER III.

REGISTRATION AND LICENSING OF MONEY-LENDERS.

6. *Appointment of Registrar.*—The Provincial Government may appoint Registrars of money-lenders for the purposes of this Act and may define the areas within which each Registrar shall exercise his powers and perform his duties.

7. *Register of money-lenders.*—The Registrar shall maintain a register of money-lenders in such form as may be prescribed.

8. *Money-lender not to carry on business of money-lending except for area under licence and except in accordance with terms of licence.*—No money-lender shall carry on the business of money-lending except in the area for which he has been granted a licence and except in accordance with the terms and conditions of such licence.

9. *Application for licences.*—(1) Every money-lender shall annually before such date as may be prescribed make an application in the prescribed form for the grant of a licence to the Registrar of the area within the limits of which he intends to carry on the business of money-lending. Such application shall contain the following particulars, viz.,—

- (a) the name in which such money-lender intends to carry on business ;
- (b) if the application is by or on behalf of—
 - (i) an individual, the name and address of such individual,
 - (ii) an undivided Hindu family, the names and addresses of the manager and the adult coparceners of such family,
 - (iii) a body corporate, the names and addresses of the director, managers or officers thereof,
 - (iv) an unincorporated body of individuals, the names and addresses of such individuals ;
- (c) the area and the place or principal place of the business of money-lending in the Province ;
- (d) the name of any other place in the Province where the business of money-lending is carried on or intended to be carried on ;

- (e) whether the person signing the application has himself, or any of the adult coparceners of an undivided Hindu family, or any member of the body corporate or unincorporated on behalf of which such application has been made has, or have carried on the business of money-lending in the Province in the year ending on the 31st day of March immediately preceding the date of the application either individually, or in partnership, or jointly with any other coparcener or any other person in the same or any other name ;
- (f) the total amount of the capital which such person intends to invest in the business of money-lending in the year for which the application has been made.

(2) The application shall be in writing and shall be signed by the individual, or, if the application is made on behalf of an undivided Hindu family, by the manager and the adult coparceners of such family, or, if the application is made by a body corporate or unincorporated by the managing director or any other person having control of its principal place of business in British India or of its place of business in the area in which it intends to carry on the business or by an agent authorised in this behalf by the individual money-lender himself, or the family, or the body corporate or unincorporated, as the case may be.

(3) The application shall also contain such other particulars as may from time to time be prescribed.

(4) A money-lender may apply for the grant of a licence to the Registrars of more than one area within the limits of which he intends to carry on the business of money-lending.

(5) If during the pendency of the year for which a licence has been granted to a money-lender, such money-lender intends to invest additional capital in the business of money-lending in any particular area, he may apply to the Registrar for the grant of a supplementary licence.

10. *Entry in Register and grant of licences.*—(1) On the receipt of an application under section 9 and on payment in the prescribed manner of such licence duty as is specified in the Schedule, the Registrar may, subject to the provisions of section 14 and after making a summary inquiry, enter the name of such applicant in the Register and grant the applicant a licence in such form and subject to such conditions as may be prescribed.

(2) If, at any time during a year for which a licence has been granted, the Registrar has reason to believe that a money-lender has invested capital in the business of money-lending in excess of that for which he has paid the licence duty, the Registrar may, after making a summary inquiry, determine the additional amount of the licence duty which the money-lender is liable to pay and may recover the same from the money-lender.

(3) For the purpose of sub-sections (1) and (2), the Registrar shall have and may exercise the same powers as are vested in a Civil Court under the Code of Civil Procedure, 1908, in respect of the following matters :—

- (a) enforcing the attendance of any person and examining him on oath ;
- (b) compelling the production of documents and material objects ;
- (c) issuing commissions for the examination of witnesses ; and
- (d) proof of facts by affidavits.

(4) The provisions of this section shall apply *mutatis mutandis* to application for a supplementary licence under sub-section (5) of section 9.

11. *Licences to be annual.*—Every licence shall be granted annually but shall expire on the 31st day of March in each year immediately following the date on which it was granted.

12. *Money-lender not to carry on money-lending business for area for which he does not hold licence.*—No money-lender shall after the commencement of this Act carry on or continue to carry on the business of money-lending in any area in the Province for which he does not hold a licence.

13. *Stay of suits by money-lenders not holding licence.*—(1) After the expiry of six months from the date on which this Act comes into force, no Court shall pass a decree in favour of a money-lender in any suit to which this Act applies, and filed by a money-lender, unless the Court is satisfied that at the time when the loan or a part of the loan to which the suit relates was advanced, the money-lender held a licence which was not suspended, cancelled, or which had not expired.

(2) If during the trial of any such suit, the Court finds that the money-lender had not held such licence, the Court may, on the application of the money-lender, stay the hearing of the suit and may require the money-lender within a period of three months to produce a licence on payment to the Registrar of all the arrears of the licence duty payable by him under this Act for the period commencing from the date from which he started money-lending business, or after the expiry of six months from the date on which this Act comes into force, whichever is later, together with penalty not exceeding three times the licence duty payable by the money-lender for the year in which such licence should have been obtained :

Provided that when the Court is satisfied that the failure of the money-lender to obtain a licence was due to any reasonable cause, the Court may direct that no penalty as aforesaid or part of such penalty shall be paid by the money-lender.

(3) The Court may, on sufficient cause being shown, from time to time extend the period during which the money-lender shall be required to produce a licence.

(4) If the money-lender fails to produce the licence required under sub-section (2) within the period specified therein or within such period as may be extended under sub-section (3), the Court shall dismiss the suit. If the money-lender produces such licence within the aforesaid period, the Court shall proceed to hear the suit.

(5) The provisions of this section shall apply to a claim for a set off on behalf of a money-lender.

(6) Nothing in this section shall—

- (a) bar suits in respect of loans advanced by a money-lender before the expiry of six months from the date on which this Act comes into force ; or
- (b) affect the powers of a Court of Wards, or a manager of an estate taken under management under the Broach and Kaira Incumbered Estates Act, 1881, or the Gujrat Talukdars Act, 1888, or an Official Assignee, a receiver, or a Court under the provisions of the Presidency-towns Insolvency Act, 1909, or the Provincial Insolvency Act, 1920, or of a liquidator under the Indian Companies Act, 1913, to realize the property of a money-lender in respect of loans advanced by such money-lender before this Act comes into force.

14. *Entry in register and grant of licence to a money-lender directed to obtain licence under section 8.*—Any money-lender who is required under sub-section (2) of section 13 to produce a licence shall make an application to the Registrar in the manner specified in section 9 and on receipt of such application and on payment of the arrears of licence duty and penalty, if any, directed by the Court to be paid, the Registrar may, subject to the provisions of section 15, and after making a summary inquiry in the manner specified in section 10 enter the name of the money-lender in the Register and grant him the licence in the form and subject to the conditions specified in the section.

15. *Refusal of issue of licence.*—(1) The grant of a licence shall not be refused except on one or more of the following grounds :—

- (a) that the applicant, or any person responsible or proposed to be responsible for the management of his business as a money-lender is by order of a Competent Court disqualified for holding a licence ;
- (b) that the applicant has not complied with the provisions of this Act or the rules in respect of an application for the grant of a licence ;
- (c) that the applicant has made wilful default in complying with or knowingly acted in contravention of any requirement of this Act ;
- (d) that satisfactory evidence has been produced that the applicant or any person responsible or proposed to be responsible for the management of his business of money-lending has
 - (i) knowingly participated in or connived at any fraud or dishonesty in the conduct of his business,
 - (ii) has been found guilty of an offence under Chapter XVII or of offences under sections 465, 477 or 477-A of Chapter XVIII of the Indian Penal Code.

(2) The Registrar refusing a licence under sub-section (1) shall record the evidence adduced before him and his reasons in writing for such refusal.

(3) An appeal shall lie from the order of the Registrar refusing a licence to the Competent Court.

16. *Application for cancellation of licence.*—(1) Any person may file an application to the Competent Court for the cancellation of the licence issued to a money-lender on the ground that such money-lender has been guilty of any act or conduct for which the Registrar under section 15 may refuse him the grant of a licence.

(2) On the receipt of such application, the Court shall hold an inquiry and shall ascertain whether the money-lender has been guilty of such act or conduct.

(3) Any person making an application under this section, which is frivolous or vexatious shall be liable to pay to the money-lender against whom such application has been made, compensation of such amount as shall, in the opinion of the Court, be sufficient.

17. *Court's power to cancel or suspend a licence.*—(1) (i) The Court passing an order of conviction against a money-lender for an offence under this Act, or

(ii) the Court trying a suit to which this Act applies, or

(iii) a Competent Court in a proceeding under this Act,

if such Court is satisfied that such money-lender has committed such contravention of the provisions of this Act or the rules as would, in its opinion, make him unfit to carry on the business of money-lending

- (a) may order that the licence held by such money-lender be suspended for such time as the Court may think fit, or cancelled ;
- (b) may also, if the Court thinks fit, declare any such money-lender, or if any such money-lender is an undivided family, the manager or any adult coparceners thereof, or if such money-lender is a body corporate, or unincorporated, any person responsible for the management of business of money-lending carried

on by such money-lender be disqualified from holding a licence for such time as the Court may think fit ;

- (c) shall cause the particulars of the conviction and of any order made by the Court under this section to be endorsed on the licence held by the money-lender convicted or by any other person affected by the order and shall cause copies of its order to be sent to the Registrar by whom the licence was granted for the purpose of entering such particulars in the Register :

Provided that where a licence held by any money-lender is suspended or cancelled or any money-lender is disqualified from holding a licence under this section, he may, whether or not he is a person convicted, appeal against such order to the Court to which an appeal ordinarily lies from the decision of the Court passing the order ; and the Court which passed the order or the Court of appeal may, if it thinks fit, pending the appeal, stay the operation of the order under this section.

(2) Any licence required by a Court for endorsement in accordance with sub-section (1) shall be produced in such manner and within such time as may be directed by the Court by the person by whom it is held and any person who, without reasonable cause, makes default in producing the licence so required shall, in respect of each offence be liable on conviction, to a fine not exceeding Rs. 500 for each day for the period during which the default continues.

(3) Powers conferred on a Court under this section may be exercised by any Court in appeal or in revision.

18. *No compensation for suspension or cancellation of licence.*—Any person to whom a licence has been granted shall not be entitled to any compensation for the suspension or cancellation of a licence under this Act, nor to refund of any licence duty paid or deposit made in respect thereof.

19. *Persons whose licence is cancelled or suspended debarred from doing business of money-lending.*—Any person whose licence has been cancelled or suspended in accordance with the provisions of this Act shall, during the period for which such order of cancellation has effect or during the period of suspension, as the case may be, be deemed to be disqualified for holding a licence.

20. *Person whose licence is cancelled or suspended not to apply without giving particulars of endorsement or of disqualification.*—No person whose licence has been endorsed under section 17 or who has been disqualified from holding a licence shall apply for, or hold a licence, without giving particulars of such endorsement or disqualification.

21. *Licence duty recoverable as an arrear of land revenue.*—All licence duty including the balance of such duty due on the suspension or cancellation of a licence shall be recoverable as an arrear of land revenue.

CHAPTER IV.

REGULATION OF ACCOUNTS.

22. *Duty of money-lender to keep accounts.*—(1) Every money-lender shall keep and maintain at least a cash book and a ledger in such form as may be prescribed and shall write the same in regular course of business.

(2) Every money-lender shall—

- (a) deliver to the debtor within a reasonable time after a loan is made, a statement in the language in which he keeps his accounts, showing in clear and distinct terms, the amount and date of the loan and of its maturity, the nature of the security, if any, for the loan, the name and address of the debtor and of the money-lender and the rate of interest charged ;

- (b) give to the debtor a plain and complete receipt for all payments made on account of any such loan within a reasonable time after such payments are made ;
- (c) upon repayment of the loan in full, mark indelibly every paper signed by the debtor with words indicating payment or cancellation and discharge any mortgage, restore any pledge, return any note and cancel any assignment given by the debtor as security.

23. *Furnishing of statement of accounts by money-lender.*—(1) Every money-lender shall furnish every debtor every year with a legible statement of accounts signed by the money-lender or his agent of any balance or the amount that may be outstanding against such debtor and such statement shall show—

- (i) The amounts of the principal and interest due to the money-lender at the commencement of the year ;
- (ii) the amount of any payment already received by the money-lender in respect of the loan during such year and the date on which it was made ;
- (iii) the amount of every sum due to the money-lender remaining unpaid, and the date upon which it became due and the amount of interest accrued due and unpaid in respect of every such sum ;
- (iv) the amount of every sum not yet due which remains outstanding and the date upon which it will become due.

The statement shall be signed by the money-lender, or his agent, and shall be in the language in which the accounts of the money-lender are ordinarily kept. It shall be in such form and shall be supplied on such date as may be prescribed.

(2) In respect of any particular loan, whether advanced before or after the commencement of this Act, the money-lender shall, on any reasonable demand in writing being made by the debtor at any time during the period when the loan or any part thereof has not been repaid, and on payment of the prescribed fee supply to the debtor, or if the debtor so requires to any person specified in that behalf in the demand a statement in the language in which the accounts of the money-lender are ordinarily kept signed by the money-lender or his agent and showing all or any of the particulars specified in sub-section (1). Such statement shall be supplied in the English language if the debtor pays the money-lender a fee of Rs. 2 or in any other recognised language of the Province if the debtor pays a fee of Rs. 4.

For the purposes of this sub-section the recognised languages of the Province mean any of the following languages, namely Gujarati, Marathi, Kanarese, Urdu and Hindi.

(3) A money-lender shall, on a demand in writing by the debtor, and on tender of a prescribed sum of expenses, supply a copy of any document relating to a loan made by him or any security therefor to the debtor, or if the debtor so requires to any person specified in that behalf in the demand.

(4) For the purposes of this section “year” shall mean the year for which the accounts of the money-lender are ordinarily maintained in his own books.

24. *Debtor not bound to admit correctness of accounts.*—A debtor to whom a statement of accounts has been furnished under section 23 shall not be bound to acknowledge or deny its correctness and his failure to do so shall not, by itself, be deemed to be an admission of the correctness of the account.

25. *Procedure of Court in suits regarding loans.*—Notwithstanding anything contained in any law for the time being in force in any suit to which this Act applies—

- (a) a Court shall, before deciding the claim on merits, frame and decide the issue whether the money-lender has complied with the provisions of section 22 or 23;
- (b) if the Court finds that the provisions of section 22 or section 23 have not been complied with by the money-lender, it may, if the plaintiff's claim is established, in whole or in part, disallow the whole or any portion of the interest found due, as may seem reasonable to it in the circumstances of the case and may disallow costs; or in computing the amount of interest due upon the loan may exclude any period for which the money-lender omitted to comply with the provisions of either of the said sections :

Provided that if the money-lender has, after the time specified in the said sections, given the receipt or furnished the account, as the case may be, and he satisfies the Court that he had sufficient cause for not furnishing it earlier, the Court may, notwithstanding such omission, include any such period or periods for the purpose of computing the interest.

Explanation.—A money-lender who has given the receipt or furnished a statement of accounts in the prescribed form and manner, shall be held to have complied with the provisions of section 22 or section 23, as the case may be, in spite of any errors and omissions, if the Court finds that such errors and omissions are not material or not made fraudulently.

26. *Provisions of this Chapter not to apply to loans made by Bank, Company, or body corporate, or unincorporated.*—Nothing in this Chapter shall apply to loans advanced by a Bank, or a Company, or any body corporate or unincorporated which the Provincial Government may by notification in the *Official Gazette* exempt from the operation of this Chapter.

CHAPTER V.

MISCELLANEOUS.

27. *Power of the Court to limit interest recoverable in certain cases.*—Notwithstanding anything contained in any agreement or any law for the time being in force, no Court shall in respect of any loan advanced before or after this Act comes into force, decree, on account of arrears of interest, a sum greater than the principal of the original loan.

28. *Power of the Court to direct payment of decretal amount by instalments.*—Notwithstanding anything contained in the Code of Civil Procedure, 1908, the Court may, at any time, on application of a judgment-debtor, after notice to the decree-holder, direct that the amount of any decree passed against him, whether before or after the Act comes into force, in respect of a loan, shall be paid in such number of instalments and subject to such conditions, and payable on such dates, as, having regard to circumstances of the judgment-debtor and the amount of the decree, it considers fit.

29. *Limitations as to rate of interest.*—Notwithstanding anything contained in any law for the time being in force, no agreement between a money-lender and a debtor for payment of interest at the rate exceeding 9 per cent. per annum in the case of a secured loan and 12 per cent. per annum in the case of an unsecured loan shall be valid and no Court shall in any suit to which this Act applies award interest exceeding the said rates.

30. *Prohibition of compound interest and provision as to defaulting.*—Any agreement made after the commencement of this Act for the loan of money by a money-lender shall be illegal in so far as it provides directly or indirectly for the payment of compound interest :

Provided that provision may be made in any such agreement that if default is made in the payment upon the due date of any sum payable to the money-lender under the contract,

whether in respect of principal or interest, or both, the money-lender shall, subject to the provisions of section 29, be entitled to charge simple interest on that sum from the date of the default until the sum is paid, at a rate not exceeding the rate payable in respect of the principal apart from any default and any interest so charged shall not be reckoned for the purposes of this Act as part of the interest charged in respect of the loan.

31. *Prohibition of charge for expenses on loans by money-lenders.*—Any agreement between a money-lender and a debtor or intending debtor for the payment by the debtor or intending debtor to the money-lender of any sum on account of costs, charges or expenses incidental to or relating to the negotiations for or the granting of the loan or proposed loan shall be illegal and if any sum is paid to a money-lender by the debtor or intending debtor as for or on account of any such costs, charges or expenses, that sum shall be recoverable as a debt due to the debtor or intending debtor, or, in the event of the loan being completed, shall, if not so recovered, be set off against the amount actually lent and the amount shall be deemed to be reduced accordingly.

Exception.—Nothing in this section shall debar a money-lender from recovering costs of investigating title to the property, costs of stamp, registration of documents and other usual out of pocket expenses in cases where the contract includes a stipulation that property is to be given as security or by way of mortgage and where both parties have agreed to such costs and reimbursement thereof ; or where such costs, charges or expenses are leviable under the provisions of the Transfer of Property Act, 1882, or any other law for the time being in force.

32. *Notice and information to be given on assignment of loans.*—Where a loan advanced, whether before or after the commencement of this Act, or any interest of such loan or the benefit of any agreement made or security taken in respect of such loan or interest is assigned to any assignee, the assignor (whether he is the money-lender by whom the money was lent or any person to whom the debt has been previously assigned) shall, before the assignment is made

- (a) give the assignee notice in writing that the loan, agreement or security is affected by the operation of this Act ; and
- (b) supply to the assignee all information necessary to enable him to comply with the provisions of this Act relating to the obligation to supply information as to the state of loans and copies of documents relating thereto,

and any person acting in contravention of any of the provisions of this section shall be liable to indemnify any other person who is prejudiced by the contravention.

33. *Application of Act as respects assignees.*—(1) Save as hereinafter provided, the provisions of this Act shall continue to apply as respects any debt to a money-lender in respect of money lent by him after the commencement of this Act or in respect of interest on money so lent or of the benefit of any agreement made or security taken in respect of any such debt or interest, notwithstanding that the debt or the benefit of the agreement or security may have been assigned to any assignee, and, except, where the context otherwise requires, references in this Act to a money-lender shall accordingly be construed as including any such assignee as aforesaid :

Provided that—

- (a) notwithstanding anything in this Act—
 - (i) any agreement with, or security taken by, a money-lender in respect of money lent by him after the commencement of this Act shall be valid in favour of any *bona fide* assignee or holder for value without notice of any defect due to the operation of this Act and of any person deriving title under him ; and

- (ii) any payment or transfer of money or property made *bona fide* by any person, whether acting in a fiduciary capacity or otherwise, on the faith of the validity of any such agreement or security, without notice of any such defect shall, in favour of that person, be as valid as it would have been if the agreement or security had been valid.

(2) Nothing in this section shall render valid for any purpose any agreement, security, or other transaction which would, apart from the provisions of this Act, have been void or unenforceable.

34. *Reopening of transactions.*—Notwithstanding anything contained in any law for the time being in force, the Court shall, in any suit to which this Act applies, whether heard *ex parte* or otherwise—

- (a) reopen any transaction, or any account already taken between the parties ;
- (b) take an account between the parties ;
- (c) release the debtor of all liability in respect of any excessive interest ;
- (d) if anything has been paid or allowed in account in respect of such liability, order the creditor to repay any sum which it considers to be repayable in respect thereof :

Provided that in the exercise of these powers, the Court shall not

- (i) reopen any adjustment or agreement purporting to close previous dealings and to create new obligations which have been entered into by the parties or any person through whom they claim at a date more than three years from the date of the suit ;
- (ii) do anything which affects any decree of a Court.

Explanation.—For the purpose of this section

- (1) In the case of a suit brought on a series of transactions, the expression “transaction” shall mean the first of such transactions.
- (2) Excessive interest means the rate of interest which contravenes any of the provisions of sections 29 and 30.

35. *Inquiry for taking accounts and declaring the amount due.*—(1) Any debtor may make an application at any time to the Competent Court whether the loan to which the suit relates has or has not become payable for taking accounts and for declaring the amount due to the money-lender. Such application shall be in the prescribed form and shall be accompanied by a prescribed fee.

(2) On receipt of such application, the Court shall cause a notice of the application to be given to the money-lender.

(3) On the date fixed for the hearing of the application or on such date to which the hearing may be adjourned from time to time, the Court shall make an inquiry and shall after taking an account of the transactions between the parties, pass an order declaring the amount, if any, still payable by the debtor to the money-lender, in respect of the principal and interest, if any. In taking accounts under this section the Court shall follow the provisions of Chapter IV and this Chapter.

36. *Deposit in Court of money due to money-lender.*—(1) At any time after a debtor has sent to a money-lender any sum of money due from him to the money-lender in respect of a loan by way of principal, interest or both, if the money-lender refuses to accept the

sum, the debtor may apply to the Competent Court to deposit the said sum in Court to the account of the money-lender.

(2) The Court shall thereupon cause written notice of the deposit to be served on the money-lender, and the money-lender may, on presenting a petition (verified in manner prescribed by law for the verification of complaints) stating the sum then due in respect of the loan, and his willingness to accept the money so deposited, receive the sum.

(3) If the money-lender withdraws the sum deposited by a debtor under sub-section (1), he shall not be bound by any statement made by the debtor in depositing the sum.

(4) When the debtor has deposited in the Court under this section the sum due in respect of the loan, if such money is in payment of the principal or any part thereof, the interest on such principal or part shall notwithstanding any agreement between the parties cease from the date of the service of notice on the money-lender under sub-section (2).

(5) Nothing in this section shall affect the operation of the provisions of sections 83 and 84 of the Transfer of Property Act, 1882, in regard to loans to which the said provisions apply.

37. *Entry of a sum in a bond, etc., greater than the loan advanced to be an offence.*—

(1) No money-lender shall obtain a decree, whether *ex parte* or by consent or otherwise or an award to which the debtor is a party, or take any power of attorney, any note, promise to pay, or security, which does not state the actual amount of the loan, or which states such amount wrongly or which does not state the time for which it is made and the rate of interest charged, or any instrument in which blanks are left to be filled after execution.

(2) Whoever contravenes the provisions of sub-section (1) shall, on conviction, be punishable with fine which may extend to Rs. 1,000.

(3) Notwithstanding anything in any law in force, any such decree, award, power of attorney, note, promise or security shall be void and shall not be enforceable.

38. *Penalty for molestation.*—(1) Whoever molests, or abets the molestation of, a debtor for the recovery of a debt owed by him to creditor shall be punishable with imprisonment of either description which may extend to three months or with fine which may extend to five hundred rupees or with both.

Explanation.—For the purposes of this section, a person who, with intent to cause another person to abstain from doing or to do any act which he has a right to do or to abstain from doing—

- (a) obstructs or uses violence to or intimidates such other person, or
- (b) persistently follows such other person from place to place or interferes with any property owned or used by him or deprives him of, or hinders him in, the use thereof, or
- (c) loiters or does any similar act at or near a house or other place where such other person resides or works, or carries on business, or happens to be,

shall be deemed to molest such other person :

Provided that a person who attends at or near such house or place in order merely to obtain or communicate information or to make a demand for a loan due shall not be deemed to molest.

(2) Notwithstanding anything contained in the Second Schedule to the Code of Criminal Procedure, 1898, an offence under this section shall be cognizable offence as defined in the Code and the rest of the provisions of the Code shall have effect accordingly.

39. *General provision regarding penalties.*—Whoever makes default in complying with or acts in contravention of any provision of this Act and if the money-lender is—

- (i) an individual, such individual, or
- (ii) an undivided Hindu family, the manager and all adult coparceners of such family,
- (iii) a body corporate, the Director, Manager or any officer of such body, or
- (iv) an unincorporated body, all members of such body,

who is or are knowingly a party to such contravention, shall, if no specific penalty has been provided in this Act, be punishable—

- (a) for the first offence with fine which may extend to Rs. 200,
- (b) for the second offence with fine which may extend to Rs. 500, and
- (c) for any subsequent offence to rigorous imprisonment which may extend to three months.

40. *Every officer to be public servant.*—Every officer of the Crown acting under the provisions of this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

41. *Protection to persons acting under the Act.*—No suit or proceeding shall lie against any officer of the Crown for anything which is in good faith done or intended to be done under this Act.

42. *Rules.*—(1) The Provincial Government may make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing provision, such rules may provide for the following matters :—

- (a) the form of the register under section 7 ;
- (b) the form of the application for a licence and the further particulars to be included therein under section 9 ;
- (c) the form and conditions of the licence, the manner of payment of licence duty and the procedure for a summary inquiry under section 10 ;
- (d) the language, form, manner of the statement of accounts and the details to be included therein under section 23 and the sum of money to be paid for a copy of a document ;
- (e) the fee and the sum of expenses to be paid under section 23 ; and
- (f) any other matter which is or may be prescribed under this Act or any matter for which there is no provision or insufficient provision in this Act and for which provision is, in the opinion of the Provincial Government, necessary for giving effect to the provisions of this Act.

(3) Rules made under this section shall be subject to the condition of previous publication in the *Official Gazette*.

Schedule of licence duty.

(Section 10.)

The amount of capital advanced in the previous year ending on 31st of March, immediately preceding the date of the application.									The amount of licence duty payable.
									Rs.
Not exceeding Rs.	2,000	..	..	..	..	..	..	..	1
Not exceeding Rs.	5,000	..	..	..	..	..	..	..	10
Not exceeding Rs.	10,000	..	..	..	..	..	..	..	25
Not exceeding Rs.	50,000	..	..	..	..	..	..	..	50
Not exceeding Rs.	1,00,000	..	..	..	..	..	..	..	100
Not exceeding Rs.	10,00,000	..	..	..	..	..	..	..	500
Exceeding Rs.	10,00,000	..	..	..	..	..	..	..	1,000

STATEMENT OF OBJECTS AND REASONS.

The money-lenders at present are not regulated by any enactment. There are certain enactments such as the Dekkhan Agriculturists' Relief Act, the Usurious Loans Act, which control some aspects of the transactions of money-lenders. It has been generally recognised that there must be some legislation which will enable Government to have some control over persons who play such a large part in the economic life of the population. Government have therefore, brought forward this Bill.

2. Broadly it is divided into five Chapters :

Chapter I deals with definitions.

Chapter II deals with power of Courts.

Chapter III deals with the registration and licensing of money-lenders.

Chapter IV deals with the regulation of accounts.

Chapter V is miscellaneous.

3. *Chapter III.*—Every money-lender is required to take out a licence from a Registrar of Money-Lenders, appointed by the Provincial Government for defined areas. From the scope of the Bill are excluded, by the definition of money-lender read with that of loan, deposits of money or other property in a Government Post Office Bank, or any other Bank, or in a Company, or with a Co-operative Society. Loans advanced by or deposits with societies registered under the Act of 1860 are similarly excluded. It is proposed to enforce the Act after the expiry of six months from the commencement thereof. Money-lenders not holding a licence under the Act are precluded from getting a decree from any Court in a suit to which the Act applies. The failure to obtain a licence would not necessarily nonsuit the plaintiff money-lender ; the Court may require him to produce a licence within three months and may give him more time for such production. Such licence would be obtainable on payment of all the arrears of the licence duty and penalty, subject to a maximum of three times

the licence duty payable for the year. The grounds for the refusal of licence by the Registrar are limited to four cases only—

- (i) when the applicant is disqualified by the Court to hold a licence ;
- (ii) when the applicant has not complied with the provisions of the Act or Rules ;
- (iii) when the applicant has made wilful default in complying with the requirements of this Act ;
- (iv) when satisfactory evidence has been produced that the applicant has knowingly participated in fraud or dishonesty in the conduct of his business or has been guilty of an offence under Chapter XVII or sections 465, 477 or 477A of the Indian Penal Code.

4. Provision has been made for any person filing an application for cancellation of a licence granted to a money-lender on any of the grounds on which a licence could have been refused as above. Power is given to Court passing an order of conviction against a money-lender to order a licence to be suspended or cancelled.

5. *Chapter IV.*—An important feature of the Bill is the requirement of keeping accounts by money-lenders. Every money-lender is to deliver to the debtor a statement of accounts ; a plain and complete receipt for every payment ; and on repayment of the loan in full he is required to mark indelibly every paper signed by the debtor indicating payment or cancellation and discharge of any mortgage, etc.

6. Provision is also made for special procedure in Courts in suits regarding loans. In every suit to which a money-lender is a party a duty is imposed upon Courts to see that the money-lender has complied with the provisions of sections 22 and 23. Where he has not, the Court has been given power to disallow the whole or any portion of the interest found due. The provisions regarding accounts are not to apply to banks, or companies, or bodies corporate or unincorporated which may be exempted by the Provincial Government.

7. *Chapter V.*—This chapter deals with general provisions. Interest exceeding in amount the principal of the original loan is prohibited. The Court is also given power to order the amount of any decree to be paid in instalments or subject to such conditions as the Court deems fit, having regard to the circumstances of the judgment-debtor and the amount of the decree.

8. The rate of interest, notwithstanding any agreement between the money-lender and debtor, is limited to 9 per cent. in the case of secured loans and 12 per cent. in the case of unsecured loans. Compound interest is prohibited. Similarly charges on account of expenses incurred by money-lenders in respect of loans are prohibited. It is, however, provided that reasonable costs for the inspection of revenue and registration records including examination of title may be charged by a money-lender.

9. Where a loan is assigned the Bill provides for notice and information to be given to the assignee of the assignment of the loan, to enable the assignee to comply with the provisions of the Act regarding supply of information, copies of documents, etc. The provisions of the Act are made applicable to such assignees.

10. Power is given to the Court to reopen transactions. It is, however, provided that any agreements or adjustments shall not be reopened unless they have been entered into within three years of the date of the suit. It is also provided that the Court shall not reopen a transaction if it affects a decree of a Court.

11. A summary remedy is provided by which a debtor may apply to the Court for taking accounts and for a declaration regarding the amount due to the creditor. It is also provided that if the Court finds that the money-lender has been overpaid the Court shall order refund to the debtor of the sum so over-paid. The order is to be deemed to be a decree and shall be executable as such.

12. If a money-lender enters in a bond a sum in excess of the actual loan advanced, it is proposed that he shall be deemed to have committed an offence punishable with fine up to Rs. 1,000.

13. Another important feature of the Bill is that molestation of a debtor by a money-lender is made an offence punishable with imprisonment of either description up to three months or with fine up to Rs. 500 or with both. Molestation is defined as obstructing or using violence or intimidating or persistently following the debtor, or loitering at or near his house, so as to cause him to abstain from doing or doing any act which he has a right to do or to abstain from doing and it is made a cognizable offence.

14. When the money-lender who commits an offence under this Act is an undivided Hindu family, the manager and all adult coparceners of such family, when it is a body corporate, the director, manager or any officer of such body, and when it is an unincorporated body, all members of such body are to be deemed to have committed the offence.

(Signed) K. M. MUNSHI.

15th January 1938.

Copy of letter No. 947/91, dated the 4th March 1938, from the Association to the Secretary to the Government of Bombay, Home Department.

I am directed to acknowledge the receipt of your letter No. 9710/3-B, dated the 11th February 1938, in which my Committee have been requested to express an opinion on a Bill to regulate the transactions of money-lending in the Province of Bombay which has been published in the *Bombay Government Gazette* under Rule 18 of the Bombay Legislative Assembly Rules. My Committee agree with the principles underlying the Bill. There are, however, one or two points on which the Bill would appear to require amendment, and these points will be put forward by our representative when the Bill comes up for discussion in the Assembly.

Copy of letter No. 1089/91, dated the 12th March 1938, from the Association to Mr. S. D. Saklatvala, M.L.A., Bombay.

I enclose herewith for your information copy of a letter addressed by the Association to the Government of Bombay in connection with the Bill to regulate the transactions of money-lending in the Province of Bombay published in the *Bombay Government Gazette* under Rule 18 of the Legislative Assembly Rules. Though the Committee are in agreement with the principle underlying the Bill, there are one or two points in respect of which the Bill appears to require amendment, and it was suggested that you might deal with these points when the Bill comes up for discussion in the Assembly.

The first amendment relates to the definition of the term 'Money-lenders' in the Bill and in this connection, the Committee agreed with the point made by Mr. Stones that the definition as at present worded would affect Insurance Companies advancing money against policies and certain other forms of legitimate money-lending. I have since ascertained from the Bombay European Association that they would like the clause in question to be amended somewhat as below which appears to meet the point raised by Mr. Stones :—

“ The expression money-lenders in this Act shall include every person whose business is that of money-lending or who advertises or announces himself or holds himself out in any way as carrying on that business ; but shall not include—(d) any person *bona fide* carrying on the business of banking or insurance or *bona fide* carrying on any business not having for its primary object the lending of money, in the course of which and for the purposes whereof he lends money.”

The other point which the Committee desired to raise was in connection with Clause 38 of the Bill which states that it is a punishable offence to 'molest' a person for the recovery of a debt, but the Committee were somewhat doubtful whether the notorious practice at

present adopted by certain types of money-lenders of India, particularly Pathans, could be effectively dealt with under this Clause, as the proviso states that a person who attends at or near a debtor's house in order merely to obtain or communicate information or to make a demand for a loan due, shall not be deemed to molest. The Committee felt that it would be very difficult to prove that a money-lender besetting an industrial establishment or a worker's residence actually resorted to violence unless the worker himself came forward to give evidence. In the circumstances, they thought that the proviso to this section might be suitably amended or deleted.

APPENDIX 39.

BILL TO PROVIDE PUNISHMENT FOR FREE OR FORCED OR COMPULSORY LABOUR.

Copy of letter No. 374, dated the 28th January 1938, from the Commissioner of Labour, Bombay, to the Association.

I am directed to forward for your information a copy of a Bill to be introduced by Mr. S. V. Parulekar in the Bombay Legislative Assembly and to inform you that Government themselves intend to undertake legislation on the subject on the lines of the Bill. I shall be glad, therefore, if you will please favour Government with your views on each of the several clauses of the Bill.

2. With regard to the exceptions enumerated in Clause (2) of the Bill, I may state that it may be found necessary to extend the range of these by the addition of the following :—

- (1) Services rendered by Criminal Tribes ;
- (2) Work in Borstal institutions, Children's Homes, and the like ;
- (3) Any work or service exacted in cases of emergency, that is to say, in the event of war or a calamity or threatened calamity such as fire, flood, famine, earthquake, violent epidemic or epizootic diseases, invasion by animal, insect or vegetable pests and in general any circumstance that would endanger the existence or the well-being of the whole or part of the population.

3. The Bill as it stands provides that employment of labour would be considered free or compulsory when it is not paid in cash. According to present practice, however, there are certain services which are sometimes not paid for in cash. For instance, there are some traditional services to be rendered by tenants to landholders in consideration of certain privileges such as permission to allow cattle to graze, cutting firewood, etc., under the menace of a penalty, e.g., forfeiture of land. Moreover, there are cases in which village artisans and other classes of agricultural labour are sometimes remunerated partly in cash and partly in kind. In offering your opinions on the Bill, I should be glad if you would let me know how far you think its introduction is likely to affect present rural economy.

4. A reply to this letter may please be sent so as to reach this office by the 20th February 1938, at the latest.

An Act to provide punishment for free or forced or compulsory labour.

Whereas it is expedient to provide punishment for free or forced or compulsory labour, it is hereby enacted as follows :—

1. (i) This Act may be called the Prevention of Free or Forced or Compulsory Labour Act of 193 .

(ii) It shall extend to the whole of the Bombay Presidency.

(iii) It shall come into force on.....

2. In this Act, unless there is anything repugnant in the subject or context,

(i) Free Labour means labour without providing remuneration in cash at the prevailing market rates in the locality for that kind of labour.

(ii) Forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

Nevertheless the term forced or compulsory labour shall not include :—

(a) any work or service exacted from any person as a consequence of a conviction in a Court of Law, provided that the said work or service is carried out under the supervision and control of public authority and that the said person is not hired or placed at the disposal of private individuals, companies or associations ;

(b) any work or service exacted under the Indian Forest Act, 1927, and the Bombay Irrigation Act, 1879.

3. Whoever takes or attempts to take or abets the taking of free or forced or compulsory services of any manual labour from any person shall be punishable with a fine of Rs. 500 or imprisonment which may extend to one month or both.

4. The offence under the Act will be cognizable and triable by any Magistrate within whose local jurisdiction either the free or forced labour is taken or the person from whom such free or forced labour is taken resides.

5. The normal working hours of any person, from whom forced or compulsory labour is exacted, shall be the same as those prevailing in the case of voluntary labour and the hours worked in excess of the normal working hours shall be remunerated at the rates prevailing in the case of overtime for voluntary labour.

6. Forced or compulsory labour of all kinds shall be remunerated in cash at rates not less than those prevailing for similar kinds of work either in the district in which the labour is employed or in the district from which the labour is recruited, whichever may be higher.

Explanation.—For the purpose of payment of wages the days spent in travelling to and from the place of work shall be counted as working days.

STATEMENT OF OBJECTS AND REASONS.

All forms of free or forced labour have their roots in the feudal form of society. This evil prevails in its most aggravated form in rural areas in the Bombay Presidency where feudal remnants still survive and thrive. The feudal and patriarchal relations have been allowed to survive in India due to reasons of economic and political character.

The International Labour Conference, which met in 1930, passed a Convention for the abolition of forced or compulsory labour. It is regrettable that the Government of India refused to ratify the Convention and have failed to take steps for the eradication of this evil. But what is more reprehensible is that the Government of Bombay instead of devising measures for the suppression of all forms of free or forced or compulsory labour should have been enamoured of free labour from villagers.

The principle that no person can be compelled to labour against his will is recognised by Section 374 of the Indian Penal Code. But the wording of the section is so vague that it has failed to root out this evil. The mischief does not lie in compulsion alone, but in non-payment of wages and oftentimes in inadequate payments.

This Bill seeks to make free or compulsory or forced labour an offence punishable with imprisonment or fine. It recognises two exceptions to compulsory labour. It allows impressed labour provided for in the Indian Forest Act, 1927, and the Bombay Irrigation Act, 1879. As it is but just that such labour ought to be adequately remunerated, the Bill makes provision for such payment.

23rd October 1937.

(Sd.). S. V. PARULEKAR.

Copy of letter No. 899/59, dated the 3rd March 1938, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. 374, dated the 27/28th January 1938, and a Bill to provide punishment for free or forced or compulsory labour to be introduced by Mr. S. V. Parulekar, in the Bombay Legislative Assembly, and to say that the views of the Association on the provisions of the Bill will be put forward by Mr. S. D. Saklatvala, M.L.A., when the Bill comes up for discussion in the Assembly.

Copy of letter No. 906/59, dated the 3rd March 1938, from the Association to Mr. S. D. Saklatvala.

At a meeting of the General Committee held on the 2nd instant, consideration was given to Mr. Parulekar's Bill to provide punishment for free or forced or compulsory labour. The only comment the Committee had to make was in connection with Section 2(i) of the Act which lays down that "free labour means labour without providing remuneration in cash at the prevailing market rates in the locality for that kind of labour". The objectionable feature of this clause has been clearly brought out in the following minute made by you with which the Committee are in entire agreement :—

"I think the most objectionable feature of the Bill is the definition of free labour which is defined as "labour without providing remuneration in cash at the prevailing market rates in the locality for that kind of labour." Labour is not a commodity and there are no market rates in the sense there are market rates for cotton, rice or food-stuffs. Supposing in a locality where there are say 8 mills, 5 of them may be paying higher for a particular occupation, say, carpenter. According to this definition, the other 3 must pay the same rate, otherwise it will be considered as free labour. This point must be cleared up before we give our views."

The Association has been invited to send a written criticism on the draft provisions of the Bill, but the Committee feel that the points made by you in the above minute might be put forward by you when the Bill comes up for discussion in the Assembly. I am writing to the Commissioner of Labour accordingly, and shall be glad if you will let me have, in due course, a copy of your speech on the Bill for purposes of record.

APPENDIX 40.

BILL TO PROVIDE FOR THE RELEASE ON PROBATION OF OFFENDERS.

Copy of letter No. 5538/3-II, dated the 14th February 1938, from the Secretary to the Government of Bombay, Home Department, to the Association.

I am directed to forward herewith a copy of a Bill to provide for the release on probation of offenders, which has been introduced in the Bombay Legislative Council, and to request you to favour Government with the opinion of the Millowners' Association on the Bill before the 28th February 1938.

BILL NO. III OF 1938.

(LEGISLATIVE ASSEMBLY).

An Act to provide for the release on probation of offenders.

(As read for the third time and passed on the 31st January 1938).

WHEREAS it is expedient to provide for the release on probation of offenders in certain cases and for other matters incidental thereto ; it is hereby enacted as follows :—

1. *Short title, extent and commencement.*—(1) This Act may be called the Bombay Probation of Offenders Act, 1938.

(2) It extends to the whole of the Province of Bombay.

(3) This Act shall come into force in such area and on such date as the Provincial Government may, by notification in the Official Gazette, direct.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

(a) the “ Code ” means the Code of Criminal Procedure, 1898 ;

(b) “ Court ” means a Court empowered to exercise powers under this Act ;

(c) “ Probation order ” means an order made under sub-section (1) of section 5 ;

(d) “ recognised society ” means a society recognised by the Provincial Government for the purposes of section 10 ;

(e) “ supervision order ” means an order made under sub-section (2) of section 5 ;
and

(f) words and expressions used but not defined in this Act shall have the meanings assigned to them in the Code.

3. *Courts empowered to pass orders under the Act.*—(1) The following courts are hereby empowered to exercise powers under this Act, namely :—

(a) the High Court,

(b) a Court of Session,

(c) a District Magistrate,

(d) a Sub-Divisional Magistrate,

(e) a salaried Presidency Magistrate,

(f) a Magistrate of the first class,

(g) any other magistrate specially empowered in this behalf.

(2) The powers conferred under sub-section (1) may be exercised by such Courts, whether the case comes before them originally or on appeal or in revision.

(3) Where any offender is convicted by a magistrate not empowered to exercise powers under this Act, and such magistrate is of opinion that the powers conferred by section 4 or 5 should be exercised, he shall record his opinion to that effect and submit the proceedings to a Magistrate of the first class or Sub-Divisional Magistrate forwarding the offender to, or taking bail for his appearance before, such Magistrate, who shall dispose of the case in the manner provided by section 380 of the Code.

4. *Power of Court to release certain convicted offenders after admonition.*—Notwithstanding anything contained in any enactments for the time being in force in any case in

which a person is convicted of any offence punishable with not more than two years' imprisonment and no previous conviction is proved against him the Court by which he is so convicted may, if it thinks fit having regard—

- (a) to the age, character, antecedents or physical or mental condition of the offender, and
- (b) to the nature of the offence or any extenuating circumstances under which the offence was committed

may, for reasons to be recorded in writing instead of sentencing him to any punishment, release him after due admonition.

5. *Power of Court to release certain convicted offenders on probation of good conduct.*—

(1) Notwithstanding anything contained in any enactment for the time being in force, when

- (a) any male person is convicted of an offence not punishable with death or transportation for life, or
- (b) any woman is convicted of an offence of any kind,

if it appears to the Court by which the offender is convicted, that regard being had to the age, character, antecedents or physical or mental condition of the offender, or to the circumstances in which the offence was committed, it is expedient that the offender should be released on probation of good conduct, the Court may, for reasons to be recorded in writing instead of sentencing him at once to any punishment direct that he be released on his entering into a bond, with or without sureties, to appear and receive sentence when called upon during such period (not being less than one year and not exceeding three years) as the Court may direct, and in the meantime to keep the peace and be of good behaviour :

Provided that the Court shall not pass a probation order under this section unless it is satisfied that the offender or one of his sureties (if any) has a fixed place of abode or regular occupation and is likely to continue to have such place of abode or such occupation, within the local limits of its jurisdiction during the period of the bond.

(2) Where the offender appears to the Court to be under the age of twenty-five years, the Court may for reasons to be recorded in writing make an order, hereinafter called a supervision order, directing that the bond to be entered into under sub-section (1) shall contain a condition that the offender shall be under the supervision of a probation officer named in the order during the period specified therein and such other conditions as in the opinion of the Court may be necessary for securing such supervision ;

Provided that the period so specified shall not extend beyond the date on which, in the opinion of the Court, the offender shall attain the age of twenty-six years.

(3) While making a supervision order the Court may also direct that the bond shall contain such additional conditions with respect to residence, abstention from intoxicants and any other matters which the Court may, having regard to the particular circumstances of the case, consider necessary for preventing a repetition of the same offence or a commission of other offences by the offender.

(4) A Court making a supervision order shall furnish the offender with a written statement of the conditions which he is required to observe.

6. *Power of Court to require released offender to pay damages and costs and recovery of such damages and costs.*—(1) A Court directing the release of an offender under section 4 or section 5 may order the offender to pay such compensation for loss or injury caused to any person by the offence and such costs of the proceedings as the Court thinks reasonable :

Provided that the amount of such compensation shall in no case exceed the amount of fine which the Court could have imposed in respect of the offence,

(2) At the time of awarding compensation in any subsequent civil suit relating to the same matter, the Court shall take into account any sum paid or recovered as compensation under sub-section (1).

(3) The amount ordered to be paid under this section may be recovered as a fine in accordance with the provisions of sections 386 and 387 of the Code.

7. *Appeal and powers of Court in appeal and revision.*—(1) Notwithstanding anything contained in the Code except in cases in which the offender has pleaded guilty, or where the order is passed by the High Court, an appeal shall lie from an order of conviction in every case in which an order is passed under section 4 or 5 to the Court to which appeals ordinarily lie under the Code.

(2) The Appellate Court or the High Court in the exercise of its powers of revision may pass any such order as it could have passed under the Code, or may set aside an order under section 4 or 5 and in lieu thereof pass sentence on such offender according to law :

Provided that the Appellate Court or the High Court in revision shall not inflict a greater punishment than might have been inflicted by the Court by which the offender was convicted.

8. *Provision in case of offender failing to observe condition of release.*—(1) If the Court before which an offender is bound by his bond under section 5 to appear and receive sentence when called upon, or any Court which could have dealt with the offender in respect of his original offence, has reason to believe that the offender has failed to observe any of the conditions of his bond, it may issue a warrant for his arrest or may, if it thinks fit, issue a summons to the offender and his sureties, if any, requiring him or them to attend before it at such time as may be specified in the summons.

(2) The Court before which an offender is brought or appears under sub-section (1) may either remand him to custody until the case is heard or admit him to bail, with or without sureties, to appear on the date of hearing.

(3) If the Court, after hearing the case, is satisfied that the offender has failed to observe any of the conditions of his bond, including any conditions which may have been imposed under sub-section (2) or sub-section (3) of section 5, it may forthwith:—

- (a) sentence him for the original offence, or
- (b) without prejudice to the continuance in force of the bond, impose upon him a fine not exceeding one hundred rupees.

Provided that the Court passing a sentence of fine under clause (a) or (b) shall take into account the amount of compensation ordered to be paid under section 6.

(4) If a fine imposed under clause (b) of sub-section (3) is not paid within such period as the Court may fix, the Court may sentence the offender for the original offence.

9. *Provisions as to bonds.*—The provisions of sections 122, 126A, 406A, 514, 514A, 514B and 515 of the Code, shall, so far as may be, apply in the case of sureties given under this Act.

10. *Appointment of probation officers.*—(1) A probation officer named in a supervision order may be:—

- (a) any person appointed to be a probation officer by the Provincial Government, or
- (b) any person nominated for this purpose with the previous approval of the Provincial Government by a recognised society, or

- (c) any other person who, in the opinion of the Court, is a fit person to act as a probation officer in the special circumstances of the case.

(2) A probation officer named under sub-section (1) shall be a person who shall possess such qualifications as may be prescribed by rules made in this behalf.

(3) A probation officer, in the exercise of his duties under any supervision order, shall be subject to the control of the District Magistrate of the district in which the offender for the time being resides.

(4) The Court before which an offender is bound by his bond under section 5 to appear and receive sentence when called upon, may at any time appoint another probation officer in place of the person named in the supervision order.

Explanation.—In this section, in a presidency town “ District Magistrate ” means the Chief Presidency Magistrate, and “ district ” means the presidency town.

11. *Duties of probation officers.*—A probation officer shall, subject to the provisions of section 10 and rules made under this Act:—

- (a) visit or receive visits from the offender at such reasonable intervals as may be specified in the supervision order or, subject thereto, as the probation officer may think fit ;
- (b) see that the offender observes the conditions of the bond ;
- (c) report to the Court as to the behaviour of the offender ;
- (d) advise, assist and befriend the offender, and, when necessary, endeavour to find him suitable employment ; and
- (e) perform any other duty which may be prescribed by rules made under this Act.

12. *Variation of conditions of probation on application by probation officer.*—(1) The Court before which any person is bound by a bond under section 5 to appear and receive sentence may at any time upon the application of the probation officer or of its own motion, if it thinks that it is expedient that the terms or conditions of the bond should be varied summon the offender to appear before it, and, if he fails to show cause why such variation should not be made, vary the terms of the bond by extending or diminishing the duration thereof or by altering any of the conditions thereof or by inserting additional conditions therein ;

Provided that, in no case, shall the duration of the bond be less than one year or more than three years from the date of the original order and where a supervision order has been made under sub-section (2) of section 5, the duration of the period of supervision extend beyond the date on which, in the opinion of the Court, the offender shall attain the age of 26 years :

Provided further that in the case of a bond with a surety or sureties, no such variation shall be made without the consent thereto of such surety or sureties and that in the absence of such consent the Court shall, in all such cases, require the offender to enter into a new bond with or without sureties.

(2) Such Court may also, on the application made by the probation officer or of its own motion, on being satisfied that the conduct of the offender has been such as to make it unnecessary, that he should be kept any longer under supervision, discharge the bond.

13. *Power to make rules.*—(1) The Provincial Government may make rules for the purpose of carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, the Provincial Government may make rules:—

- (a) regulating the appointment, resignation and removal of probation officers and prescribing the qualifications of such officers ;
- (b) prescribing and regulating the duties of probation officers ;
- (c) regulating the remuneration and expenses payable to probation officers ; and
- (d) specifying conditions on which societies may be recognised for the purposes of clause (b) of sub-section (1) of section 10.

(3) All rules made under this section shall be subject to the condition of previous publication.

14. *Barring of operation of section 562 of Act V of 1898.*—In any area in which this Act is in force, no Court shall make an order under section 562 of the Code in respect of any first offender.

15. *Saving of the Bombay Children Act and the Bombay Borstal Schools Act.*—Nothing in this Act shall affect the provisions of the Bombay Children Act, 1924, or the Bombay Borstal Schools Act, 1929.

Copy of letter No. 900/82, dated the 3rd March 1938, from the Association to the Secretary to the Government of Bombay, Home Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 5538/3-II, dated the 14th February 1938, with which was forwarded a Bill to provide for the release on probation of offenders, and to say that my Committee are in agreement with the principles underlying the proposed legislation.

APPENDIX 41.

INDIAN INCOME-TAX AMENDING BILL, 1938.

Copy of letter No. 250-I.T./38, dated the 14th April 1938, from the Second Secretary, Central Board of Revenue, New Delhi, to the Association.

I am directed to forward herewith 5 copies of the Income-tax Amendment Bill*, 1938, and to request that the Board may be furnished with your considered views on the provisions of the Bill. I am to say that the reply to this letter may be sent so as to reach the Board not later than the 15th August 1938.

Copy of letter No. 3384/137, dated the 16th August 1938, from the Association to the Secretary, Central Board of Revenue, Simla.

I am directed to acknowledge the receipt of your letter No. C.250-I.T./138, dated the 14th April 1938, in which my Committee were invited to express an opinion on the provisions of the Income-tax Amendment Bill, 1938 which was introduced in the Legislative Assembly on 4th April. My Committee have very carefully examined the provisions of the Bill ; they have also had an opportunity of discussing certain important matters arising therefrom

*Not printed.

with Mr. Sheehy during his recent visit to Bombay. The Bill is mainly based on the recommendations of the special Enquiry Committee, whose report, as you are aware, formed the subject matter of a very detailed representation from my Committee to your Department last year. My Committee regret that certain points made by them in that representation do not appear to have been given the consideration they deserve, and in view of their importance, from the point of view of the Indian Mill Industry, it has become necessary to re-state those points as they arise in the Bill.

My Committee's considered views on the various clauses of the Bill are :—

Clause 2(b).—The proposed sub-Section 6A would, *inter alia*, render taxable :—

- (i) amounts distributed by a company in the form of bonus shares, bonus debentures, etc., which, under the existing law, are capital receipts and not income in the hands of the recipients.
- (ii) the accumulated profits of a company taken into liquidation, distributed to its former shareholders.
- (iii) distributions from unrecognised provident funds.

While my Committee have no objections to urge against (iii), they are of opinion that for the reasons set forth below, the items referred to in (i) and (ii) should not be treated as income and assessed to tax. Bonus shares, bonus debentures, etc., are, it is stated, treated as taxable income under the Dividend Act of 1902 of Western Australia, but my Committee do not see why Government should take this Statute as their model when there have been so many decisions on the point in the English Courts where it has been held that bonus issues of shares declared by a British company out of its own undivided profits should not be deemed to be income for taxation purposes. It has also been decided that where a company, in addition to paying its usual dividends in cash, pays a bonus dividend out of its undistributed profits in the form of shares of the company, the shareholders having no option to receive such dividends in cash, the bonus dividends are not income in the hands of the shareholders.

Bonus shares simply confer a title to a larger proportion of the surplus assets, if and when a general distribution takes place as in a winding up. If the shareholder wishes to dispose of this right, he may do so, but the proceeds of the sale do not constitute income but a realisation of capital. A bonus share may be a doubtful asset in the hands of the holder and may increase his liability if the company is wound up. A shareholder is not entitled to claim that the company should apply its undivided profits in payment to him of dividend, and if a company, under its articles, has power to convert surplus or undivided profits into capital, once these profits are disposed of in this manner, they conclusively cease to be profits and become capital, and the form of benefit which the shareholder receives from the money in the hands of the company is one which is for determination by the company alone. It is entirely in the hands of the company to apply any surplus or accumulated profits for the improvement of the company's business, which would lead to an increase of profits by which all shareholders would benefit. This benefit when received in the future would be subject to taxation, but the rights or title (bonus shares) by which this benefit is received cannot, in the view of my Committee, in logic or equity be treated as income. An issue of bonus shares takes nothing out of a company's coffers and puts nothing into the shareholders' pockets. If the shareholder sells his bonus share, he would be realising a capital asset capable of producing income, and obviously, the bonus share and the income derived from it cannot both be income, since it is the capital evidenced by the bonus share which produces the income.

As regards (ii), my Committee's opposition is fortified by decisions in the English Courts where it has been definitely held that undistributed profits divided at a liquidation should be treated as capital.

My Committee see from the Notes on Clauses attached to the Bill that these provisions are intended to prevent evasion of supertax by shareholders, but this malpractice would ordinarily be confined to companies similar to those referred to in Clause 24. Clause 24 of the Bill confers wide powers on the Department in dealing with such companies, and in these circumstances, my Committee strongly feel that the provisions of Clause 2(b) should be modelled on the corresponding provisions of the British Income-tax Act according to which bonus shares, etc., are not assessable.

Clause 4: Basis of Assessment.—My Committee agree with the principles underlying the proposals incorporated in this Clause, which appear to have been based on the English law. They would, however, welcome the introduction of safeguards to prevent hardships which might accrue from the absence of double taxation relief in the case of residents.

My Committee do not agree that remittances received by a wife from such part of her non-resident husband's income as has escaped British Indian income-tax should be deemed to be income arising and assessable in her hands. They feel that this recommendation, if carried into effect, would be liable to cause unnecessary hardship, particularly in cases where the remittances were purely maintenance allowance to the wife from the husband. In any event, they foresee great difficulties in checking the amount of remittances received by a wife and recovering tax thereon. They would also like to point out that, if the income of the non-resident husband had already been taxed in a foreign country, the wife, in whose hands it is assessed in India, would be unable to claim double taxation relief in India and in the foreign country in view of the fact that the tax on the income in the foreign country was paid by the husband and not by the wife.

Clause 5:—Proposed Section 4A(b) defines what constitutes "residence" in British India for purposes of assessment, and states that a company would be deemed to be resident in British India unless the central control and management of its affairs is situated wholly outside British India. My Committee do not object to the principle of this recommendation, but consider that the definition of a "resident company" requires modification and that the term "control" should be defined. They do not agree that in the extreme case of control of the world activities of a company for a very short period in the year, such control should make the whole of the world income of that company liable to tax; but if effective control is ordinarily exercised from India, as in the case where the head office of the company is located in India, then they agree that the foreign income of the company should be liable to Indian income-tax. In other words, if the company is "domiciled" in India, they consider it equitable that the company's world income should be taxed.

Clause 8 of the Bill is designed to prevent an assessee deferring the drawing of his remuneration in order that it shall be received in a subsequent year and thus render him liable to a rate of tax which is lower than it would otherwise have been. It is proposed to remedy this defect by taxing leave salary and by basing liability on salary accrued or due and not salary paid. My Committee consider that it would be advisable to make it clear that the date on which a salary was due should be the date on which it would ordinarily have been paid; for example, if an employer normally pays salaries on the 1st or 2nd of the month, it should not be possible for the Income-tax Officer to say that the salary was due on the last day of the previous month. Similarly, in regard to commissions based on profits, which are included in the term "salary" under the Bill, they should not be considered to be due on the date on which the profits are declared in the company's accounts but the date on which payment is actually due and made.

Clause 9.—The proviso to the proposed sub-Section (1) (iv) of Section 9 lays down that an assessee shall not be entitled to claim interest paid abroad as business deduction, if such interest was paid without deducting tax at source. My Committee are of opinion that there exists a very strong case for exempting from the operation of this Section loans and other borrowings made prior to the introduction of the amending Act. In all cases where interest is at present being paid outside India without deduction of tax at source, payment without deduction of tax is an implied or express condition of the contract between the assessee paying the interest and the non-resident who receives it; in other words, the remuneration allowed to the non-resident for the use of his money is net, and no question of deduction, therefore, arises.

Clause 10 of the Bill deals with the allowance permissible in computing the profits or income of a company for income-tax purposes. My Committee feel that this is the place where they ought to refer to certain anomalies which arise from the treatment of super-tax. The Enquiry Committee's Report seeks to establish that company super-tax is a levy in respect of the benefits of limited liability, but the facts on which the Enquiry Committee base this conclusion are not specified except that the Report states that it is clear from the Government of India Act of 1935 (Section 138, etc.), that it is intended to be a corporation tax. The history of the tax, however, proves that it was not imposed as a tax on incorporation, but was intended as an addition to income-tax which would be applicable only to assesseees with substantial incomes. That it is in the nature of an additional tax on income is also borne out by the fact that it is treated as an income-tax for the purpose of double taxation relief claims by companies. In my Committee's view, Government must either treat it as an addition to income-tax or as a corporation tax. It cannot logically be a combination of the two. If the Government of India decide that it should, in future, be treated as an addition to income-tax, then, in the view of my Committee, it follows :—

- (1) that equally with income-tax, it should be treated as paid on behalf of shareholders, and should be taken into account in the computation of any refund due under section 48 ;
- (2) where dividends are received by a company from another company which has itself paid super-tax on its profits, those dividends should not again be assessed to company super-tax in the hands of the recipient company ; in other words, the exemption which has been accorded to Investment Trust companies will have to be extended to all companies.

If, on the other hand, the Government of India decide that it must be treated as a corporation tax, then it follows :—

Firstly, the surcharge imposed on it in 1931 should be entirely removed ;

Secondly, whatever the effect on provincial revenues, it must be allowed as a deduction in computing the assessable profits of a company for income-tax purposes ;

Thirdly, that the exemption accorded to Investment Trust Companies should be removed.

My Committee do not agree with the conclusions of the Enquiry Committee that, if company super-tax is to be treated as a corporation tax, in future, there are sufficiently good grounds for removing the exemption limit of Rs. 50,000 which now exists for the reason that companies, irrespective of their income, already have to pay income-tax at the highest rate, and do not get the benefit of the sliding scale which exists for individuals. My Committee's general feeling in regard to this section of the Report is that the Income-tax Enquiry Committee desire to treat company super-tax as a corporation tax when this method would increase revenue or rule out legitimate demands for relief from double taxation ; and treat it as something different when treatment as a corporation tax would have adverse effects on income-tax revenue.

Clauses 10(b), 10(c) and 25(b).—The proposed amendment to sub-Section (2)(vi) of Section 10 seeks to introduce the principle of allowing depreciation on the "written-down value" method, which has been referred to on page 36—Chapter VI, Section 5, of the Enquiry Committee's Report. Briefly stated, it lays down that the amount allowed in respect of depreciation *shall not ordinarily* exceed the amount actually written off for depreciation in the assessee's books "except where and to the extent to which the aggregate of all allowances made in respect of depreciation from the commencement of this Act to the end of any year is less than the aggregate of the sums written off in the books of the assessee during the same period" [*vide* sub-Clause (ii) of Clause 10(b)]. It is also provided "where immediately prior to the commencement of the Indian Income-tax (Amendment) Act, 1938, any allowance or part of an allowance in respect of depreciation which *has not been given effect to* is under the provisions of the Act as then in force to be added to the amount of the

allowance for the following year or succeeding year, such allowance or part shall be so added that effect shall be given thereto before any allowance in respect of depreciation for any subsequent year is made ; and the aggregate of all such allowances made under this Act or any Act repealed hereby or under the Indian Income-tax Act, 1886, shall in no case exceed the original cost to the assessee of the buildings, machinery, plant or furniture, as the case may be."

The addition of new sub-Sections 5(a), 5(b) and 5(c) to Section 10 [*vide* Clause 10(c)] of the Act has been necessitated by Government's decision to adopt the written-down value method for estimating the amount of depreciation to be allowed on plant and machinery. Briefly stated, the written-down value will be estimated as under :—

- (a) In the case of new assets purchased in the previous year—the actual cost to the assessee.
- (b) In the case of assets acquired before the previous year, but *after the commencement of the new Act*—the actual cost to the assessee less all depreciation actually allowed to him.
- (c) In the case of other assets, i.e., those acquired before the commencement of the new Act—the actual cost to the assessee less the amount of depreciation which would have been permissible from year to year at the prevailing rates irrespective of whether they have actually been written off or not.

For example, in the case of a mill purchased in 1923 at a cost of Rs. 10,00,000 and which has not so far been able to provide anything for depreciation, the written-down value would be :

Depreciation on buildings and machinery per year at 4 per cent.							
(approximate)	..	..	..	..	..	..	Rs. 40,000
Depreciation for 15 years at 4 per cent.	..	..	..	..	..	..	„ 6,00,000
Written down value	..	..	..	..	..	..	„ 4,00,000

The mill will be entitled to carry forward the old unabsorbed depreciation, but the depreciation allowable for the first year of the written-down system for depreciation would be 4 per cent. of Rs. 4,00,000, i.e., Rs. 16,000 and thereafter the amount would be progressively less.

- (d) In case of a change in the proprietorship of a business, the written-down value to the new purchaser in the first year of assessment will be the actual price paid by him for plant and machinery.

These provisions read in conjunction with those of Clause 25(b) which permit business losses to be carried over or set off against future profits for a period of six years would produce the following results :—

- (a) *From the commencement of the Act*, new arrears of depreciation will not be carried forward as such.
- (b) Depreciation allowed will not henceforward exceed the amount actually written off in the books of the assessee.
- (c) Business losses which will be computed after taking into consideration depreciation actually written off will be allowed to be carried forward for a period of six years from the commencement of the Act, but *to mitigate the effect on the revenue of this concession*, it is proposed that the losses of the first "previous year" after the commencement of the amending Act are to be carried forward for one year ; losses of the next year for two years and so on until the full period of six years is reached.

- (d) *Arrears of depreciation*, if any, at the commencement of the amending Act may be carried forward until fully allowed, and *is to be allowed before the depreciation due in respect of subsequent years.*

In the first place, my Committee are strongly opposed to the proposal that the present method of allocating depreciation should be changed to the "written-down value method." They do not see any advantages in the written-down value system as compared with the existing system, and it may be noted that even the Enquiry Committee only state in its support that "there is at least as much to be said for the written-down value basis as for the present basis." The new basis is, in my Committee's view, contrary to business practice in India, and it would necessarily result in gradually decreasing allowances for depreciation on each and every machine from year to year which, in their view, might be most undesirable. The written-down value method would also have the defect that at no time would the total value of any particular machine be written off completely, and in addition, the system would greatly complicate the calculation of obsolescence allowances. In so far as cotton mill machinery is concerned, members of the Association report that they have not experienced any difficulty in obtaining from the Income-tax authorities an agreed figure in regard to the amount of absorbed and unabsorbed depreciation of their plant and machinery, and in these circumstances, my Committee strongly feel that no change should be made in the method of calculating annual depreciation. My Committee would point out that while there may be something to be said in favour of the adoption of the new basis from the point of view of the Income-tax Department, its practical working from the point of view of the assessee would lead to grave complications and necessitate the maintenance of very elaborate records, which, in the case of a cotton spinning and weaving mill, would assume voluminous proportions as special records would apparently have to be maintained for every frame or loom installed.

The calculation of depreciation on the written-down value system proposed in the Bill would also react unfairly when calculating the obsolescence allowances permissible in respect of machinery owned by a manufacturing establishment in cases where the concern had for a number of years previous to the enactment of this legislation been unable owing to adverse trading conditions to write off the full statutory depreciation. This point has been dealt with more fully in the following paragraph.

Obsolescence allowance.—If Government's proposals were accepted, the allowance for obsolescence admissible in the case of the mill referred to in a previous paragraph would be the difference between the written-down value, i.e., Rs. 4 lakhs, and the actual sale value of the machinery, whatever that might be, whereas under the existing Act, that mill would have been entitled to claim obsolescence on the difference between the scrap value and the total cost price (Rs. 10 lakhs) reduced by the amount of depreciation actually allowed to it. As the mill had not been able to make any provision for depreciation, the obsolescence allowance would be based on the difference between the scrap value and the original cost. Under the new proposals, the assessee would lose allowance to the extent to which he has not been able to provide for past depreciation. In equity, my Committee urge that the present basis of calculating depreciation and obsolescence allowances should continue, or, if the written-down value system of depreciation is finally introduced, then steps should be taken to prevent any injustice being done in regard to obsolescence allowances.

My Committee welcome Government's proposals regarding the carry-forward of business losses, but they fail to see why its introduction should be made dependent on the introduction of Government's proposals regarding depreciation. The Clauses referred to, if adopted, would provide totally inadequate compensation to many manufacturing concerns which, during the last ten or twelve years, have been unable, owing to the severity of their losses, to set off more than a fraction of the depreciation to which they have been statutorily entitled, as these firms will practically be unable, under the new scheme, to write off their existing arrears of depreciation and, at the same time, provide for current depreciation. The injustice of Government's proposals will be apparent from the following actual illustration :—

Block figures for income-tax purposes	..	..	..	Rs. 2,85 lakhs.
Unabsorbed depreciation up to 31st December 1937	..	..	..	Rs. 1,60 ,,

Assuming that the company makes a profit in future of about Rs. 10 lakhs per annum, before providing for current depreciation, the whole of the arrears of depreciation would be carried forward and eventually absorbed after approximately 16 years. During this period, the mill would not be in a position to provide for current depreciation, and the mill company would have already lost the right to claim current depreciation for practically 16 years, since current and past depreciation are not permitted to be written off in the same year.

In these circumstances, my Committee strongly urge that assesseees should be permitted to carry forward not only all their unabsorbed depreciation until the whole has been completely written off, but also should be allowed to carry forward all their current depreciation, i.e., all depreciation accruing after the commencement of the new Act which would apparently not be possible according to Government's present proposals. What, in short, my Committee ask is that all arrears of depreciation arising after the commencement of the Act should also be carried forward until exhausted with the proviso that no portion of such unapplied depreciation arising since the commencement of the Act shall be written off until all arrears brought forward from the commencement of the Act have been exhausted.

My Committee are aware that there is a case for an increase in the rate of depreciation permissible on different kinds of plant and machinery if the written-down value method of allocation is adopted, but they presume that the rates will be prescribed under the Rules, and it is hoped that, before Government frame their final proposals in this regard, this Association and other interested bodies would be given an opportunity of expressing their views thereon.

Clause 16.—It is proposed that income arising to any person by virtue of a settlement, *whether revocable or not*, made by the assessee from assets remaining the property of the assessee, or income arising to any person by virtue of a revocable transfer of assets made by the assessee shall be deemed to be the income of the assessee. When a person has irrevocably deprived himself of the benefit of his income, even though retaining control over the assets subject to such irrevocable disposition of income, it appears to be inequitable to include such income in the income of the disponor for purposes of taxation. Possibly, what is intended is legislation on the lines of Section 20(i) (b) of the British Finance Act of 1922 to bring in income disposed of for a period less than six years. My Committee's views in regard to this section are as below :—

- (a) No retrospective effect should be given, i.e., settlements and dispositions made prior to the introduction of the new Act should not come within the purview of this Section.
- (b) In cases where income arising from property has been irrevocably transferred, such income should only be assessable in the hands of the recipient of the income or beneficiary even though control over the property in question rests with the settler or disponor.
- (c) Even in cases where income from property has been transferred by a revocable settlement, the income should not be assessed in the hands of the donor or transferor if the period of settlement exceeds six years.

It is further suggested that the onus of proof that there has been an attempt to avoid taxation should be placed on the Income-tax Officer.

Clause 17(1) provides for the husband and wife being assessed at the rate of tax applicable to their joint income. A sum of Rs. 500 is proposed to be allowed to the wife as business deduction if her income is derived from her personal exertions. This Association has always been opposed to the aggregation of the incomes of the husband and wife for purposes of assessment, but since Government have now decided to tax them at the rate applicable to their joint income, my Committee would urge that the allowance be raised from Rs. 500 to Rs. 1,000.

Clause 17(2) determines the tax payable by non-resident assesseees with non-taxable foreign incomes and persons with exempted income which is included in total income. While my Committee have no objection to the proposals, it is not clear how the Income-tax authorities hope to secure correct returns regarding a non-resident assessee's foreign incomes.

Clause 18 of the Bill compels the employer to deduct super-tax at a rate applicable to the average of the rates applicable to the total income of each of his employees under the head "salaries." At present, the employer is only responsible for the collection of income-tax from his employees in respect of the salaries paid by him, and my Committee do not see why he should also be made responsible for the collection of super-tax. A return showing the total income of each of his employees under the head "salaries" is submitted by the employer to the Income-tax Department every month and every year, and there is no reason why these returns should not be used by the Department in tracing employees with incomes assessable to super-tax. Moreover, it is now proposed that every citizen with an assessable income shall submit a return of income to the Income-tax authorities without being called upon to do so, and it should not be very difficult for the Department to collect super-tax wherever due, by direct assessment. Employees whose salaries are assessable to super-tax might reasonably be expected to have other sources of income which the employer has no means of ascertaining. The income and super-tax payable on such other income has, therefore, to be collected by the Income-tax Department by direct assessment, and my Committee fail to see why super-tax payable by the assessee should not be collected by the Department when such direct assessments are made.

Slab System.—My Committee note from *Clause 18* that Government propose to adopt the slab system as the basis for calculating income-tax. The details of the system which Government have in mind have not been set forth in the Bill, and my Committee, therefore, wish to make it clear that while they agree that a slab system would in some ways be preferable to the existing system, they cannot accept the specimen scale suggested in the Enquiry Committee's Report, nor do they agree with the recommendation that super-tax should become payable at Rs. 25,000 instead of Rs. 30,000. My Committee admit that the specimen scale in the Report gives the necessary relief on incomes up to Rs. 5,000, but it places an unnecessary, inequitable and unjustifiable additional burden on higher incomes owing to the fact that the slab ceases at Rs. 15,000 whereas the present scale is graduated up to Rs. 30,000. The increase in the rate of tax from one slab to the next is also excessive. In other words, the specimen scale proposed by the Enquiry Committee does not equitably spread the burden of relief on small incomes over all classes of assesseees. On incomes over Rs. 20,000, the tax payable on the specimen scale, in my Committee's view, goes very much beyond the needs of the case. In their opinion, the correct method to follow would be to frame a scale which, while giving relief on small incomes and removing the obvious inequalities in the present scale, would not disproportionately increase the tax payable on larger incomes on which the tax is already very high. This result could be achieved by appropriately graduating the rate of tax on successive slabs of income of Rs. 5,000 each up to Rs. 30,000 instead of applying the same rate of tax on all incomes over Rs. 15,000 as suggested by the Enquiry Committee. My Committee are also of opinion that a more equitable graduation of taxation would be achieved by expressing the tax payable as a percentage for each slab of income. The percentage method would also considerably simplify the calculation of the tax payable by an assessee.

The specimen scale for super-tax is open to the same criticism as the income-tax scale, and no reasons have been advanced in justification of the enormous increases in taxation which have been proposed. My Committee trust that the Government of India, if a new basis of taxation of the slab type is approved, will devise a scale free from the above mentioned objections, and that the rates of tax will be fixed so as to yield as much and no more revenue than the present scales would yield if levied on the same national income.

Clause 20.—Banks and other institutions paying interest (not being interest on securities) will have to submit an annual return showing the names and addresses of all persons, who, during the financial year, received as interest not less than Rs. 200. The obligation to supply this information is now limited to persons receiving not less than Rs. 1,000 as

interest. As stated in our comments on Clause 18, the proposed amendment appears unnecessary as every assessee would in future be compelled to submit a return whether called upon to do so or not by the Income-tax Officer, and such returns could be utilised by the Department in collecting the appropriate tax in all cases. Moreover, banks have thousands of accounts receiving interest of a few hundred rupees per year, and the compilation of a list as suggested in the Bill with the names and addresses would necessitate the maintenance of a special staff. My Committee, therefore, feel that the provisions of the present Act should be retained.

Clause 24.—This Clause empowers the Income-tax Officer in the case of a company controlled by not more than five persons, in which at least sixty per cent. of the assessable profits have not been distributed as dividends, to treat such undistributed profits as dividends paid out to shareholders and assessable in their hands. Similarly, when the reserve funds of a company controlled by not more than five persons are allowed to exceed the paid-up capital, the proportionate share of each shareholder in such excess will be included in his total income and assessed. The amendment closely follows the recommendations made by the Enquiry Committee in Chapter XII—Section 3 of their Report.

Assuming a company made a profit of Rs. 5 lakhs net on Profit and Loss Account ; the company has otherwise suffered a capital loss or its invested capital has suffered depreciation of Rs. 5 lakhs ; in these circumstances, it is certainly the business of the Directors of the company, whether public or private, to decide whether or not a dividend should be paid to the shareholders and if, in fact, the Directors decided that, in the interests of the Company, it is preferable to provide for such capital loss from profits or for writing down the book value of investments to cover any depreciation that may have taken place, such a decision should not be called in question by the Income-tax authorities. All that the Income-tax authorities should be required to do is to satisfy themselves that the Directors conduct the affairs of the company in a reasonable and prudent manner in regard to the appropriation of the profits arising. A point to be remembered in this case, however, is that if the company has made a profit of Rs. 5 lakhs and decides to write down capital losses or capital depreciation of any sort, it would no doubt have suffered tax on the trading profit, and it is not for the taxation authorities to assume that the Directors should have taken any other action.

In the circumstances, therefore, my Committee entirely disagree with the proposal made in the Bill in regard to the non-distribution of profits, where the profits distributed grossed up to include income-tax are less than 60 per cent. of the assessable income of the company.

In regard to the proviso that where reserve profits which have not been subject of an order under Section 23(A) (2) exceed the paid-up capital, the Section should apply if the profits distributed are less than the whole of the assessable income of the company, my Committee are definitely opposed to this suggestion. Here again, the rights of the Directors to decide under what circumstances and to what extent reserves are necessary in the interest of the company's business should remain untouched.

Clause 27.—The proposed amendment to sub-Section (2) of Section 24(B) lays down that, where a person dies before submitting his return it shall be the duty of his heirs, successors or legal representatives to submit the return. The principle underlying the amendment appears to be unobjectionable, but my Committee would like to point out that a certain amount of latitude must be allowed to the heirs, successors or legal representatives of a deceased assessee in respect of the time for the submission of the return and for correcting it if necessary.

Clause 32 of the Bill seeks to impose heavier penalties than at present for illegal evasions. The Notes on Clauses justify these penalties as a " more effective means of dealing with illegal evasions." My Committee do not feel that an enhancement of the penalties is called for in view of the fact that it is now proposed to compel every person with an assessable income to submit returns to the Income-tax Department and also in view of the fact that wider powers are now proposed to be conferred on Income-tax Officers which should ordinarily be sufficient to detect and prevent evasions.

Clause 33.—My Committee consider that a provision should be made in this Clause or in the following Clause which would empower the Commissioner, who reduces an assessment, to order the refunding of the excess tax paid, with interest at such rates as may be fixed by him. The proviso to Clause 66(7) allows interest on excess tax paid to an assessee who succeeds in getting his assessment reduced in the High Court, and there seems to be ample reason for a similar allowance to be made when the Commissioner himself reduces the assessment.

Clauses 39, 40 and 56.—The Bill extends the time limit for re-opening assessment, rectification of mistakes, claiming refunds, etc., from one to six years. Taking into consideration the desirability of fixing assessments as expeditiously as possible and the steps which Government are already understood to have taken to enhance the efficiency of the assessment machinery, such over-assessments or under-assessments should be of rare occurrence. In addition, in most cases, it would be difficult, if not impossible, for the average assessee to produce and satisfactorily explain at any time, accounts relating to a period more than one or two years previous. In the circumstances, my Committee recommend that the period referred to in these Clauses be reduced to two years.

Clause 42.—*Vide* our comments on Clause 20. The figure Rs. 200 referred to in this Clause should be changed to Rs. 1,000.

Clause 53: Double Taxation Relief.—The proposals of Government seem to be on the whole fair, but it would appear that relief as contemplated in this Clause is sought to be given only in respect of income-tax paid in the United Kingdom. My Committee feel that similar arrangements should be made to secure relief in respect of taxes paid in the Indian States, Burma and Ceylon.

Clause 67.—The provisions of this Clause taken in conjunction with Clause 15 would produce the following effect :—

- (1) The total exemption allowable to an assessee in respect of life assurance premium and provident fund contribution should not exceed a sixth of his total income for the year or Rs. 6,000 whichever is less.
- (2) The total exemption allowable for provident fund where no insurance premium has been paid should not exceed a sixth of his salary or Rs. 6,000 whichever is less :—

My Committee agree with the suggested limit of Rs. 6,000 for insurance, but they do not agree that any portion of the employee's and employer's contribution to a recognised provident fund should be included in an employee's income for the purpose of ascertaining the rate of tax applicable.

The point my Committee would like to emphasize is that the inclusion of employee's and employer's contributions to the fund to the total salary of an assessee for ascertaining the rate of tax applicable leads to real hardship inasmuch as the assessee is paying a rate applicable to an income which he may or may not secure, as in certain cases the employer's contribution is withheld from him.

The Income-tax Enquiry Committee have themselves pointed out that the exemptions now granted are in certain cases no exemptions at all and that recognition of provident funds has involved assessee's in higher payments by way of tax than would have had to be made by the assessee's if the fund had not been recognised and the assessee's had been taxed on the full amount of their provident fund as and when it was received. The case of over-taxation of provident fund is even more pronounced in those cases where the addition of the provident fund annual accretion to an assessee's other income renders him liable to super-tax, and my Committee strongly urge that the Government of India should go more fully into this matter, and devise means which would ensure the removal of the hardships mentioned, and would at the same time make provident fund exemptions more effective.

Clause 75.—The proposed amendment empowers the High Court, on intimation by the Commissioner of an appeal to the Privy Council, to defer refund, if any, due to an assessee pending the Privy Council's decision on the appeal. While my Committee have no objection to this definite suggestion, they feel that there is no sufficient direction or instruction either in Section 66(5) or 66(7) as to what the Income-tax Commissioner should do, on receipt of a copy of the High Court's or Privy Council's judgment, and they strongly recommend that this Clause should be amended so as to ensure the refunding of any amount due to an assessee as a result of the appeal within a prescribed time limit. In this connection, my Committee would like to draw your attention to the under-quoted extract from the observations made by the Chief Justice of the Bombay High Court in Civil Reference No. 17 of 1937 :—

“ Unfortunately, that expression of opinion (this refers to the decision of the High Court and the Privy Council), has not sufficed to induce the Commissioner of Income-tax to do what he ought to have done in August 1933, viz., repay the money. I have made these observations, because it seems to me desirable at a time when proposals are being made to amend the Income-tax Act, that the Legislature should consider the desirability of protecting the tax payer from abuse of authority. As the law stands there appears to be no means of compelling the Income-tax Commissioner to refund tax illegally levied.”

APPENDIX 42.

MOTOR VEHICLES BILL, 1938.

Copy of letter No. 8324/3-III-E, dated the 25th April 1938, from the Secretary to the Government of Bombay, Home Department, to the Association.

I am directed to forward herewith a copy of Government Resolution, No. 8324/3-III,* dated this day and of its accompaniments,* and to request you to favour Government with the opinion of your Association on the Bill to consolidate and amend the law relating to motor vehicles in British India before 24th May 1938.

Copy of letter No. 2274/152, dated the 23rd May 1938, from the Association to the Secretary to the Government of Bombay, Home Department.

I am directed to acknowledge the receipt of your letter No. 8324/3-III-E, dated the 25th April 1938, and its accompaniments, in which the Association was requested to favour Government with its opinions on the Bill to consolidate the law relating to Motor Vehicles in British India.

My Committee have considered the Bill and the views expressed by members of the Indian Legislative Assembly during the debate on the first reading, but regret that they are unable to accord their support to the measure in its present form. They have no important objections to urge against those portions of the Bill which seek to ensure the regulation of motor traffic in the interests of safety and public convenience, and warmly support the idea of compulsory insurance against third party risks of motor vehicles whether plying for hire or otherwise, but they do not consider that a Motor Vehicles Bill is a suitable instrument to achieve or bring about a co-ordination of all forms of transport since the various authorities which have been or could be constituted under such a Bill have not and could not have jurisdiction over other forms of transport. This being the case, the only co-ordination which could be achieved under the Bill would be at the expense of the development of road transport for the benefit of rail transport, and this, in the view of my Committee, would not in the

* Not printed

long run be in the interests of the State, the general public or the users of transport. They maintain that if road motor transport is definitely more economical or convenient than rail transport for all or any particular classes of work, then no unnecessary artificial restrictions or impediments should be placed upon its growth or development for the purpose of maintaining the solvency of the railways of the country because they are largely the property of the State. My Committee feel that they cannot do better than reiterate the view they expressed in their letter to Government on the 1936 Bill when discussing this particular aspect of the question :—

“ The development of a co-ordinated policy of roads and railways is, however, in the opinion of my Committee, a matter which should be dealt with in a separate Bill. My Committee feel that the building up of an efficient and adequate transport system for the country as a whole, including air transport, inland water transport and possibly sea transport from one Indian port to another, is a matter of first class importance to the future economic welfare of the country as a whole, and that the importance of the issues involved necessitates a regulated planning for the development of the country's transport system. To achieve this, my Committee maintain that it would be advisable for the Government of India to appoint a Committee composed of experts representing every form of transport and also containing a substantial proportion of representatives of Indian commerce and industry to investigate and report on the means which should be adopted to develop, and incidentally to co-ordinate, India's transport system. The recommendations of a body of this character would not be open to the suspicion that the interests of any particular section of the community were being sacrificed. Unfortunately, the present Bill has undoubtedly given the impression that the interests of motor transport owners and of the trade and industry of the country are to be subordinated to the interests of the railways.”

My Committee's other main objections to the Bill are :—

- (a) that it places undue restrictions on the encouragement and development of motor traffic ;
- (b) that it seeks to prohibit long distance transport by road—not in the interests of the public but purely in the interests of the railways ;
- (c) that entirely unnecessary restrictions are imposed on private carriers ;
- (d) that no facilities have been provided to deal with road traffic plying over routes which would involve the crossing of provincial frontiers, or traffic entering or passing through Indian States ;
- (e) that no reciprocal arrangements have been specified in regard to the effectiveness of Indian Registration Certificates in Indian States and foreign mandated territories ;
- (f) that too long an interval has been provided before the inauguration of compulsory insurance of motor vehicles against third party risks throughout British India ; and
- (g) that the constitutions proposed for Regional and Provincial Transport Authorities are unsatisfactory.

Turning to the various Clauses of the Bill, my Committee have the following criticisms to make :—

Chapter I deals with definitions, and my Committee have no important criticisms to suggest except as regards Clause 1 (3) which should be amended by altering the words ‘ five years ’ to ‘ three years.’

Chapter II.—We have no criticisms to make except in respect of Clause 9 (2) in regard to which we suggest that licences granted in Indian States and foreign settlements should only be valid in British India provided Indian States and foreign settlements reciprocate and make licences granted in British India valid in such territories.

Chapter III lays down the conditions which must be fulfilled to secure registration of motor vehicles of various types. Clause 28 of this Chapter provides that registration in any one Province will be recognised as valid for the whole of British India. This seems to be a desirable provision. Clause 28 (2) specifies that a motor vehicle registered by a competent authority in any Indian State or in the French or Portuguese Settlement bounded by India shall not require to be registered in British India and that any certificate of registration issued by such authority shall be effective throughout British India. This concession should, we suggest, only be provided in respect of those Indian States and foreign settlements which extend reciprocal privileges to vehicles registered in British India. We have no other comments to make on this Chapter of the Bill.

Chapter IV is definitely the most controversial part of the measure dealing as it does not only with the control of road transport vehicles which is, of course, necessary, in order to ensure the safe transport of both passengers and goods, but also with the “co-ordinative” aspect of the proposed legislation. We have already stated our view that a Motor Vehicles Bill is not a suitable instrument by which to bring about a co-ordination of the country’s transport system and that a separate measure is required for such a purpose, and we shall, therefore, suggest the modifications required in this Chapter in so far as the regulation of road motor transport is concerned for the purpose of satisfactorily developing that type of transport as distinct from the object of bringing about a co-ordinative development of the country’s transport system. In general, we may say that it is our considered view that, provided adequate arrangements are made to ensure safety, prevent over-loading and to secure the maintenance of road transport vehicles in a proper state of repair and fitness, the allegation of uneconomic competition between road and rail transport will largely disappear.

My Committee are strongly opposed to the proposed restriction of long distance transport of goods by road where reasonable facilities for such transport already exist. Such a limitation, leading as it will, to the creation of a monopoly of all long distance traffic to the railways will, in their view, injuriously affect trade interests generally by depriving them of an alternative mode of transport. As Government are aware, the development of road transport services in several places in the country has led the railways to quote competitive rates and to provide certain other facilities such as speedier transit. The removal from the field of such competitive factors will tend once again to perpetuate the unsatisfactory condition of affairs which prevailed before the advent of such competition and lead to the quotation by the railways of monopolistic prices for the carriage of goods. In the general interests of the country as a whole, therefore, my Committee are opposed to any such restriction of competitive modes of transport for the carriage of goods. As an instance of what might happen if such restrictive powers were given in the Bill, the following case of an increase in rates for passenger traffic by the South Indian Railway will prove instructive :—

“The District Superintendent of Police, East Tinnevely District, has prohibited the plying for hire of about 40 buses on the Palamcottah-Srivaikuntam-Tiruchendur and Tinnevely-Kulasekarapatnam Roads as from the 1st October 1936. Simultaneously the South Indian Railway has notified that the rate per mile for third class on the Tinnevely-Tiruchendur Railway running parallel with the above-mentioned roads will be increased from 1st October 1936, from 2½ pies to 3½ pies per mile.”

It will be seen that such a restriction as that proposed in the Bill is, therefore, likely to result in an immediate increase in the cost of transport to the business community generally.

Clause 40 (1) lays down that no owner of a transport vehicle shall use or permit the use of the vehicle in any public place, except under the authority of a permit granted or countersigned by a Regional or Provincial Transport Authority authorising the use of the

vehicle in that place in the manner in which the vehicle is being used. According to Clause 41 (1), the jurisdiction of the Regional Transport Authorities constituted under the Bill will be limited to the areas in respect of which they have been constituted. Read in conjunction, these two provisions appear to place an undue restriction on a road transport service plying over territories over which two different Regional Authorities exercise jurisdiction. My Committee are aware that sub-Clause (2) of Clause 41 provides for the constitution of Provincial Transport Authorities with the object of co-ordinating the activities and policy of the various Regional Transport Authorities constituted within each Province, but in view of the handicap referred to above, they would like to suggest that the scope of the functions of Provincial Transport Authorities should be specifically extended so as to ensure the issue of permits by or under their authority for road traffic plying not only between two regional areas but also between any two Provinces or Indian States.

As regards the constitution of the Regional Transport Authorities, my Committee observe that Clause 41 (3) of the Bill provides that a Regional or Provincial Transport Authority shall be constituted in one of the following manners, namely :—

- (a) as a tribunal consisting of one or more members being officials in the service of the Provincial Government ; or
- (b) as a body of officials and non-officials, including at the discretion of the Provincial Government representatives of persons or undertakings engaged in the business of transport ;

Provided, that, where such representatives are included, equal representation shall be accorded to the business of motor transport, railway transport and where necessary, inland water transport.

Sub-Clause (4) provides that no person who has any financial interest in any transport undertaking shall be appointed as a member of a Regional or Provincial Transport Authority ; and that if any person being a member of any such Authority acquires a financial interest in any transport undertaking, he shall, within four weeks of so doing, give notice in writing to the Provincial Government and shall thereupon vacate office.

In this connection, my Committee would like to reiterate the view expressed by them in 1936 that Transport authorities should not ordinarily include railway officers, but that they should in all cases include representatives from the general business community and from the particular trade and industries most common in the areas over which the Transport Committees concerned would have jurisdiction. Added force is lent to this view by reason of the fact that Regional Transport Authorities to be constituted under the Bill will have absolutely no power of control over the railways, while they would exercise control over other forms of transport. My Committee regret to observe that no provision has been made in the Clause for the specific inclusion in the Transport Authorities of representatives either from the general business community, or from the particular trade or industries most common in the areas over which the Transport Committee concerned would have jurisdiction. Quite apart from the justifiable claims of the business community, as users of transport, to adequate representation on these Transport Authorities, whose decisions will vitally affect their trade interests, the representation of the general business community will tend to ensure a balanced judgment by the Transport Authorities on problems coming up from time to time for their consideration, in the interests of the general community as a whole as distinct from the interests of any particular mode of transport.

My Committee regard it as essential that the issue of general permits to private motor transport used for the purpose of the trade or business of an individual, firm or company, and not plying for hire or reward, should be a mere formality, and therefore, fail to see any justification for the option sought to be given to the Regional Transport Authority, under Clause 50 (b), to limit, even in the case of a *bona fide* private carrier, long distance transport of goods by road where reasonable facilities for such transport already exist. They would, therefore, suggest the desirability of this restriction being removed from this Clause. They maintain that so long as a *bona fide* private carrier satisfied all the other requirements

of the Bill, in such matters as weight, speed limits, safety regulations, compulsory insurance, etc., no such restriction as that sought to be imposed by sub-Clause (b) of Clause 50 should be imposed so long as the vehicle is used for the carriage of goods or merchandise which are his property and the carriage of which is necessary for the purpose of his business.

As regards the powers of the Regional Transport Authorities in relation to public carriers, as set out in Clause 53, my Committee fail to appreciate the reason for empowering such authority to attach conditions to the permit prescribing (a) that certain specified classes of goods shall only be carried, and that (b) goods shall only be carried for specified persons. Apart from the obvious limitation of individual freedom, such a restriction would tend to operate harshly alike on transport providers as on the users of transport. In regard to public carriers generally, my Committee would reiterate the opinion expressed by them in 1936 that no restrictions should be imposed on motor transport used solely for the purpose of conveying goods and merchandise, which would in any way hamper the continuance of door-to-door transport. As is well known, one of the great advantages in the use of motor transport for the conveyance of goods is that it would be possible to load merchandise at the factory or warehouse of the manufacturer or supplier and deliver these goods without any intermediate unloading at the residence or place of business of the purchaser, and it would, in the opinion of my Committee, palpably be unfair for this facility attached to motor transport to be reduced in any way.

As my Committee are opposed to the question of co-ordination of road and rail transport being dealt with in the Bill, which should, in their view, legislate specifically for the regulation of motor traffic, they are strongly of the opinion that the matters which the Regional Transport Authorities should take into consideration in granting or refusing a permit for any class of transport vehicle covered by this Chapter should clearly be limited to matters connected with the interests of persons providing facilities for transport, both of passengers and of goods, *by road* only, and not by any other means.

My Committee have no particular criticisms to offer on the remaining Chapters of the Bill, but trust, in regard to the Schedules dealing with speed limits, wheel loads, etc., of road transport vehicles, that changes will be made, from time to time, so as to keep pace with new mechanical inventions and devices in the field of motor transport which might render the limits at present laid down in these respects out of date.

APPENDIX 43.

DIVIDENDS AND INTEREST RETURNS BILL.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Bill was introduced in the Council of State on the 13th September, 1938 :—

C. OF S. BILL NO. 7 OF 1938.

A Bill to provide for the submission of certain statements of companies incorporated in or carrying on business in India.

Whereas it is expedient to provide for submission of certain statements for statistical purposes by companies incorporated in or carrying on business in British India, for the purposes hereinafter appearing ; it is enacted as follows :—

1. (i) This Act may be called the Dividends and Interest Returns Act, 193 .

(ii) It shall apply to the whole of British India and shall come into force on such date as it receives the assent of the Governor-General.

2. In this Act, the following words are used in the following sense, unless a contrary intention appears from the context :—

“ Interest ” means a premium paid for the use of money.

“ Dividend ” means a share of the profits of a company paid to its shareholders.

“ Bonus ” means a premium paid in addition to interest on a loan or extra dividend paid to shareholders.

3. Every company incorporated in India shall submit, before the 30th of June of each year, a statement of the aggregate payments made or which have become payable by it in respect of interest, dividends and bonus separately, during the year ending 31st of March next preceding, showing separately amounts paid or payable to Indians, non-Indian British subjects domiciled in British India, in the United Kingdom, other individuals ; and companies incorporated in India, in the United Kingdom and elsewhere in such form as may be prescribed by rules made under this Act.

4. Every company incorporated outside British India, which is carrying on business in British India, shall submit before the 30th of June of each year, a statement, in the prescribed form, of the total payments made by it in India during the year ending 31st March next preceding, in respect of interest, dividends and bonus, showing separately the total amounts paid or payable to Indians, non-Indian British subjects domiciled in the United Kingdom and all other individuals : and companies incorporated in India, in the United Kingdom and in other countries.

5. Such statement shall be submitted to such officer as the Government of India may, by rules framed under this Act, designate.

6. All particulars contained in any statement submitted under this Act shall be treated as confidential and shall not be used for any other purpose than compilation of statistics by the Central Government or by the Provincial Governments and save as provided herein, if a public servant discloses any particulars contained in any such statement, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine :

Provided that nothing in this section shall apply to the disclosure of any such particulars to any person acting in the execution of this Act, where it is necessary to disclose the same to him for the purposes of this Act.

STATEMENT OF OBJECTS AND REASONS.

For measuring the economic progress of the country and ascertaining the relative position of foreign and Indian capital in this country, it is necessary that Government should be in possession of full particulars for compiling and publishing statistics, showing interest, dividend and bonus, paid by companies incorporated in British India and by companies doing business in British India, to Indians, non-Indian British subjects domiciled in British India, domiciled in the United Kingdom and other individuals : and companies incorporated in British India, in the United Kingdom and elsewhere separately. Hence, it is necessary to provide by law for the submission of such statements.

The 18th July 1938.

G. S. MOTILAL.

Copy of letter No. 4424/249, dated the 27th October 1938, from the Association to the Secretary to the Government of India, Legislative Department, New Delhi.

The attention of my Committee has been drawn to a Bill “to provide for the submission of certain statements of companies incorporated in or carrying on business in India”, introduced in the Council of State by the Hon'ble Mr. Govindlal Shrivastava Motilal on 13th September 1938. The Bill seeks to impose an obligation on every company incorporated in British India or doing business in India, to furnish annual returns showing the interest, dividend and bonus paid to (a) Indians, (b) non-Indian British subjects domiciled in British India, (c) non-Indian British subjects domiciled in the United Kingdom, and (d) other individuals. The object of the Bill is stated to be to measure the economic progress of the country and to ascertain the relative position of foreign and Indian capital in this country.

As far as my Committee are aware, periodical returns showing the total incomes earned and distributed by companies registered or doing business in British India are already being furnished to Government in accordance with the provisions of the Income-tax Act and the Indian Companies Act. These returns, it is thought, ought to provide sufficient material for measuring the economic progress of the country. As regards the distinction between Indian and foreign capital, it would probably be difficult for many companies to comply with the requirements of the Bill. What a company ought to know, and in fact knows, are the names and addresses of persons who have invested their money in the concern, irrespective of their nationality, and any attempt to secure information regarding nationality, domicile, etc., of individual contributories of a company may not be responded to, and is, therefore, likely to fail. Under all these circumstances, I am to point out that my Committee desire to oppose the provisions of the Bill which, they feel, could not, in the long run, fail to discourage the flow of foreign capital into India for the development of Indian industries.

APPENDIX 44.

EMPLOYERS' LIABILITY ACT, 1938.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

The following Act of the Indian Legislature received the assent of the Governor-General on the 24th September 1938, and is hereby promulgated for general information :—

ACT No. XXIV OF 1938.

An Act to declare that certain defences shall not be raised in suits for damages in British India in respect of injuries sustained by workmen.

Whereas it is expedient to declare that certain defences shall not be raised in suits for damages in British India in respect of injuries sustained by workmen ; it is hereby enacted as follows :—

1. *Short title and extent.*—(1) This Act may be called the Employers' Liability Act 1938.

(2) It extends to the whole of British India.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context :—

- (a) “workman” means any person who has entered into, or works under a contract of, service or apprenticeship with an employer whether by way of manual labour, clerical work or otherwise, and whether the contract is expressed or implied, oral or in writing ; and
- (b) “employer” includes any body of persons whether incorporated or not, and any managing agent of an employer, and the legal representatives of a deceased employer, and, where the services of a workman are temporarily lent or let on hire to another person by the person with whom the workman has entered into a contract of service or apprenticeship, means such other person while the workman is working for him.

3. *Defence of common employment barred in certain cases.*—Where personal injury is caused to a workman :—

- (a) by reason of the omission of the employer to maintain in good and safe condition any way, works, machinery or plant connected with or used in his trade or business, or by reason of any like omission on the part of any person in the service of the employer who has been entrusted by the employer with the duty of seeing that such way, works, machinery or plant are in good and safe condition ; or
- (b) by reason of the negligence of any person in the service of the employer who has any superintendence entrusted to him, whilst in the exercise of such superintendence ; or
- (c) by reason of the negligence of any person in the service of the employer to whose orders or directions the workman at the time of the injury was bound to conform, and did conform, where the injury resulted from his having so conformed ; or
- (d) by reason of any act or omission of any person in the service of the employer done or made in obedience to any rule or bye-law of the employer (not being a rule or bye-law which is required by or under any law for the time being in force to be approved by any authority and which has been so approved) or in obedience to particular instructions given by any person to whom the employer has delegated authority in that behalf or in the normal performance of his duties ;

a suit for damages in respect of the injury instituted by the workman or by any person entitled in case of his death shall not fail by reason only of the fact that the workman was at the time of the injury a workman of, or in the service of, or engaged in the work of, the employer.

4. *Risk not to be deemed to have been assumed without full knowledge.*—In any such suit for damages, the workman shall not be deemed to have undertaken any risk attaching to the employment unless the employer proves that the risk was fully explained to and understood by the workman and that the workman voluntarily undertook the same.

5. *Saving.*—Nothing in this Act shall affect the validity of any decree or order of a civil Court passed before the commencement of this Act in any such suit for damages.

J. D. ANDERSON,
Secretary to the Government of India.

APPENDIX 45.

THE INDIAN KHADDAR (NAME PROTECTION) ACT, 1934.

Copy of letter No. 1541/104, dated the 28th March 1938, from the Association to all Member Mills in the Bombay Presidency.

I give below for your information copy of a Notification recently issued by the Government of Bombay, Political and Services Department :—

“ No. 2278/34, dated Bombay Castle, the 22nd March 1938 :

“ In exercise of the powers conferred by sub-section (3) of section 1 of the Khaddar (Name Protection) Act, 1934 (VIII of 1934), read with paragraph 8(2) of the India and Burma (Transitory Provisions) Order, 1937, the Government of Bombay is pleased to appoint the 25th March 1938, as the date on which section 2 of the said Act shall come into force in the Province of Bombay.”

The notification gives effect to the operative provisions of the Indian Khaddar (Name Protection) Act, 1934, in the Province of Bombay with effect from the 25th March 1938. Section 2 of the Act reads as under —

“ Words ‘ Khaddar ’ and ‘ Khadi ’ to be trade description: —The words ‘ Khaddar ’ and ‘ Khadi,’ whether in English or in any Indian vernacular language, when applied to any woven material shall be deemed to be a trade description within the meaning of the Indian Merchandise Marks Act, 1889, indicating that such material is cloth woven on handlooms in India from cotton yarn hand-spun in India.’

The effect of the notification is to restrict the use of the terms ‘ Khaddar ’ and ‘ Khadi ’ to cloth woven on handlooms in India from cotton yarn hand-spun in India. Their use in conjunction with Indian mill-made goods will henceforth render the goods being treated as goods bearing false trade descriptions under the Indian Merchandise Marks Act and being subjected to the penalties prescribed under that Act for false trade descriptions.

Copy of letter No. 1789/104, dated the 12th April 1938, from the Association to all Members of the Association in the Bombay Presidency.

I am directed to refer you to my circular letter No. 1541/104, dated the 28th March 1938, in which the attention of member mills was drawn to the enforcement of the Indian Khaddar (Name Protection) Act, 1934, in the Province of Bombay with effect from the 25th March 1938.

The question of the desirability of the Association recommending the adoption of a standard name for cloths previously known as ‘ Khadi ’ or ‘ Khaddar ’ was considered at a meeting of the Committee held yesterday afternoon, and it was deemed unnecessary to suggest a generic description for the reason that most mills had already agreed not to stamp or style or sell as ‘ Khadi ’ any cloth manufactured by them and also because individual mills were using varying terms like “ Cabot ” cloth, “ Mathrapat ” cloth, etc., to describe particular types of coarse goods produced by them. The Committee nevertheless considered it desirable that all mills should take adequate steps to ensure that no goods are issued out of their concerns which are stamped or styled or sold as “ Khadi ” or “ Khaddar,” and that no contracts are entered into or sale notes issued including the terms “ Khadi ” or “ Khaddar.” As already pointed out in my last letter, these terms will hereafter be deemed to be trade descriptions under the Indian Merchandise Marks Act, 1889, denoting cloth woven on handlooms in India from cotton yarn hand-spun in India. Mill made goods which are stamped or sold as goods bearing these descriptions will, therefore, be subject to the penal provisions of the Merchandise Marks Act, which lay down a punishment of imprisonment for a term which might extend to three months or a fine which may extend to Rs. 200 for the first offence and imprisonment which may extend to one year or fine or both in case of a second or subsequent conviction.

It is also suggested that the provisions of the law in this regard might be brought to the notice of all merchants with whom your mills have dealings.

APPENDIX 46.

THE INDIAN RAILWAYS (AMENDMENT) BILL.

Copy of letter No. 427/36-Ry., dated the 25th March 1938, from the Deputy Secretary to the Government of Bombay, Public Works Department, to the Association.

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| <p>With reference to the debates of the Legislative Assembly of the 9th February 1938,</p> <p>* (1) Bill as introduced with the Statement of Objects and Reasons.</p> <p>(2) Extract from the Legislative Assembly Debates dated 9th February 1938 regarding the Bill.</p> | <p>I am directed to forward herewith copies of the papers noted in the margin* and to request that Government may be favoured with an expression of your Association's opinion on the provisions of the above Bill as early as possible.</p> |
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(As introduced in the Legislative Assembly.)

A Bill further to amend the Indian Railways Act, 1890, for a certain purpose.

Whereas it is expedient further to amend the Indian Railways Act, 1890, for the purpose hereinafter appearing ; it is hereby enacted as follows :—

1. *Short title.*—This Act may be called the Indian Railways (Amendment) Act, 1937.
2. *Insertion of new section 42B in Act IX of 1890.*—In the Indian Railways Act, 1890, after section 42A as inserted by the Government of India (Adaptation of Indian Laws) Order, 1937, the following section shall be inserted, namely :—

“ 42B. *Power of the Federal Railway Authority to fix maximum and minimum rates.*—

(1) The Federal Railway Authority may, from time to time, by general or special order fix maximum and minimum rates for the whole or any part of a railway, other than a minor railway, and may prescribe the conditions in which such rates will apply.

(2) Any complaint that a railway administration is contravening any order issued by the Federal Railway Authority in accordance with the provisions of this section shall be determined by that Authority.”

STATEMENT OF OBJECTS AND REASONS.

This Bill is intended to remedy an omission in the Indian Railways Act of 1890 (as amended). This Act contains, at present, no provision that gives Government the power to prescribe maxima and minima rates and fares for railways in India. Government has, however, exercised this power since the beginning of railway operation, over all railways in India, irrespective of whether they are owned or managed by itself or by private companies or by Indian States, local authorities, or provincial governments. To give this power of the Central Government statutory recognition, until such time as a new Federal Railway Law is passed, or for a period extending for five years after the Federation, an amendment to the Indian Railways Act has been found necessary.

SIMLA, the 17th July, 1937.

S. SULTAN AHMED.

Extract from the Legislative Assembly Debates, Vol. I, No. 8.

The Assembly met in the Assembly Chamber of the Council House at New Delhi, on Wednesday, the 9th February, 1938.

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THE INDIAN RAILWAYS (AMENDMENT) BILL

Insertion of New Section 42B

MR. PRESIDENT (The Honourable Sir ABDUR RAHIM): Legislative Business.

The HONOURABLE SIR THOMAS STEWART (Member for Railways and Communications): Sir, I move :—

“ That the Bill further to amend the Indian Railways Act, 1890, for a certain purpose (*Insertion of new section 42B*), be taken into consideration.”

In Chapter V of the Indian Railways Act as amended by the Adaptation Order of 1937, certain statutory powers are conferred upon the Federal Railway Authority in respect of such matters as relate to the rating of goods, the fixing of terminal charges and such like subjects. There is, however, one important omission. No statutory power has been conferred on the Federal Railway authority to fix maximum and minimum rates and fares. This process, however, which I think it must be admitted is in the public interests, has been carried out by the executive authority of the Central Government ever since railway administration in India was started, and we propose now to give this process statutory recognition. The necessity for doing so arises in this way. By virtue of item 20 in the Federal Legislative List in the Schedule to the Constitution Act, the power to legislate in order to regulate maximum and minimum fares is vested in the Centre. With legislative power goes the executive power necessary in order to put into effect the relevant legislation. It follows, however, that if there is no statutory enactment, there can be no executive powers, and the result of that position is that when the Federal Railway Authority is constituted, it will be unable to carry out functions which the Act contemplates that it will carry out—in particular section 194 of the Constitution Act contemplates that the Federal Railway Authority among other functions will be concerned with the fixing of maximum and minimum rates and fares. It is for that reason, Sir, that this amendment of the Railways Act has been brought forward. In conclusion, I may say that this amendment like the rest of the Railways Act will cease to have force when a Federal Act has been passed or, if no such Act has been passed, within five years after the institution of Federal Government. Sir, I move.

MR. PRESIDENT (The Honourable Sir ABDUR RAHIM): Motion moved :—

“ That the Bill further to amend the Indian Railways Act, 1890, for a certain purpose (*Insertion of new section 42B*), be taken into consideration.”

MR. PRESIDENT (The Honourable Sir ABDUR RAHIM): There are several notices of amendments, of which two are for circulation. The first one is in the names of Mr. Santhanam and Mr. Ananthasayanam Ayyangar. I may point out that it does not mention the date by which the opinions are to be sent.

MR. K. SANTHANAM (Tanjore *cum* Trichinopoly, Non-Muhammadan Rural): I propose to add “ by the 1st of January 1939.” Sir, I beg to move :—

“ That the Bill further to amend the Indian Railways Act, 1890, for a certain purpose (*Insertion of new section 42B*), be circulated for the purpose of eliciting opinions thereon by 1st January, 1939.”

This appears to be a short Bill, but I am afraid like the cobra's sting, it is a poisonous Bill. For the last one year and more, we have been asking for some information regarding the Government's proposals about the Statutory Railway Authority but every time we have been refused any kind of information. We have been told that no proposals are yet ready for publication about the Statutory Railway Authority. Still, a Bill has been brought before us to confer some authority on the Statutory Railway Authority. Even now the Mover of

this motion has not taken the House into confidence as to when they propose to constitute the Statutory Railway Authority and what sort of negotiations or contract will be entered into between the Statutory Railway Authority and the Government of India regarding various matters including the payment of contribution to the general revenues. Secondly, this Bill proposes to confer statutory powers on the Federal Railway Authority to fix maximum and minimum rates. As it is, the Government of India have been exercising this power. So far as the Government of India have been exercising this power, the Statutory Railway Authority inherits it automatically, but to the extent that they have not got this power, I suggest that we should not lightly confer this power, because, reading the Government of India Act, this is one of the few powers left with the Federal Legislature in connection with railways. Whether after giving this power to the Statutory Railway Authority, it will be considered a matter of policy or not is in doubt. In section 183, it is stated :—

“ If any dispute arises under this sub-section between the Federal Government and the Authority as to whether a question is or is not a question of policy, the decision of the Governor-General in his discretion shall be final.”

For instance, if the Statutory Railway Authority contends that their exercise of the power to fix maximum and minimum fares is not a question of policy and is a mere question of administration and, on the other hand, the Federal Ministry contends that it is a question of policy, then the dispute will have to go to the Governor General and the Governor General in his discretion will decide whether it is a question of policy or of administration. If he decides it is a question of mere administration, then the Federal Government will have no control over this part of the business. Therefore, I suggest that this Bill means that the only power, the little power, that is left to this Legislature, with reference to the railways under the Government of India Act, is sought to be taken away and the House should not easily allow this to be done. At any rate, the public should have an opportunity to scrutinise this Bill and all its implications and, therefore, this motion for circulation is being moved by me. I hope that all the sections of the House will support this motion and give the commercial organisations, the public, the politicians and everybody concerned an opportunity to examine it, before the little power given under the Government of India Act to the Legislature and executive of the Federal Government is transferred to a new authority, which is still in the womb of the future and the nature of which has not yet been disclosed by the mover or any spokesman of the Government of India. Sir, I move.

MR. PRESIDENT (The HONOURABLE SIR ABDUR RAHIM): Amendment moved :—

“ That the Bill further to amend the Indian Railways Act, 1890, for a certain purpose (*Insertion of new section 42B*), be circulated for the purpose of eliciting opinions thereon by 1st January, 1939.”

MR. BHULABHAI J. DESAI (Bombay Northern Division : Non-Muhammadan Rural): Mr. President, I rise to support the motion for circulation, and I shall briefly enumerate the different provisions of the Act and the stage at which the transitory condition of the Government of India stands to-day. The point which has got to be borne in mind in order to appreciate the necessity and the value of circulation is what I may call shortly the transitory stage at which the Central Government of India stands to-day, and it is only when the full implications of it are understood that the thin end of the wedge, whether intended or unintended, which is sought to be put in by means of an apparently innocent looking Bill, for which the Mover to-day gave no reasons whatever as to its immediate urgency or requirement, will be apparent.

The object of this Bill requires examination. It is stated thus : This Bill is intended to remedy an omission in the Indian Railways Act of 1890. Therefore, this Act worked for 48 years without requiring an amendment of this nature. I think the Mover might easily be laughing, at all events, in his cheek, if he had realised the case he has made or has dared to make before this House, after a period of 48 years. He has not made it part of a regular Bill relating to the Railways which might be examined in all its bearings by the House. The Statement of Objects and Reasons further says :—

“ This Act contains, at present, no provision that gives Government the power to prescribe maxima and minima rates and fares for railways in India. Government has, however, exercised this power since the beginning of railway operation, over all railways in India,

irrespective of whether they are owned or managed by itself or by private companies or by Indian States, local authorities, or Provincial Governments. To give this power of the Central Government statutory recognition, until such time as a new Federal Railway Law is passed, or for a period extending for five years after the Federation, an amendment to the Indian Railways Act has been found necessary."

To any one with a modicum of common sense, it must be obvious that the reason given here cannot either bear examination or that there is more than what is contained in the reasons given here. I may claim to say this, that I have rarely approached measures merely as a matter of suspicion because they emanate from the opposite side, but undoubtedly when a measure of this kind is put forward and when even circulation of the matter is, so far as I can see, not intended to be agreed to, the suspicion even if it did not exist is bound to arise in the minds of Members of this House.

Let me state what is the transitory position in which we stand to-day. Part VIII of the Government of India Act, 1935, beginning with section 181 and ending with section 199, has not been brought into operation and the House will see this from the Order in Council which was made on the 18th December, 1936 :—

"Whereas by section three hundred and twenty of the Government of India Act, 1935 (hereafter in this Order referred to as 'the Act'), it is provided that the provisions of that Act other than those of Part II thereof shall, subject to any express provision to the contrary, come into force on a date to be appointed by His Majesty in Council for the commencement of Part III thereof, but His Majesty in Council is empowered to fix an earlier or later date for the coming into operation of any particular provisions of the Act :—

And whereas by the Government of India (Commencement and Transitory Provisions) Order, 1936, it was provided that the provisions of Part VIII of that Act,"—(*which is the part which is now material for the purpose of consideration by this House*)—"should come into force on such dates as His Majesty in Council might thereafter appoint."

And, so far as I am aware, no order fixing the date of this Part has been made in terms of that Order in Council. The transitory stage at which, therefore, the Government of India stand to-day is that Part VIII is not in operation, and therefore the situation is that the Government of India to-day has the same powers as otherwise existed under the Railways Acts and the powers accompanying them or corollary thereto which have been hitherto exercised by the Government. It has not been stated, even as a reason for this Bill, that any difficulty has arisen because of the power which has hitherto been exercised by the Government of India to fix maxima and minima rates for Railways of all types ; I do not wish to go into the detailed description which is given in this Statement of Objects and Reasons for that purpose. It would, therefore, appear that it is an anticipatory preparation for an occasion as to the date of which neither the House nor anybody else nor even the Leader of the House with his astrological knowledge is in a position to pronounce. Therefore, it is the astrologer alone who knows when and under what conditions Part VIII will come into operation. If that is the situation, what is the excuse for occupying the time of this House in trying to rush before it a measure conferring one particular item of power upon a Federal Railway Authority which has yet to come into existence and not merely come into existence as a matter of formation or organization, but come into existence as the result of the first step to be taken, viz., putting into operation Part VIII of the Government of India Act ? You will see from the powers and authority of the Federal Railway Authority when Federation comes into existence, which are to be found in section 181, that these are material for the purpose of considering the reason why this House ought not to agree to undertake this measure at this stage :—

"(1) The executive authority of the Federation in respect of the regulation and the construction, maintenance and operation of railways shall be exercised by a Federal Railway Authority (hereinafter referred to as "the Authority").

(2) The said executive authority extends to the carrying on in connection with any Federal railways of such undertakings as, in the opinion of the Authority, it is expedient

should be carried on in connection therewith and to the making and carrying into effect of arrangements with other persons for the carrying on by those persons of such undertakings.

Provided that, as respects their powers under this sub-section, the Authority shall be subject to any relevant provisions of any Federal, Provincial or existing Indian law, and to the relevant provisions of the law of any Federated State, but nothing in this sub-section shall be construed as limiting the provisions of Part VI of this Act regulating the relations of the Federation with Provinces and States.

(3) Notwithstanding anything in this section, the Federal Government or its officers shall perform in regard to the construction, equipment, and operation of railways such functions for securing the safety both of members of the public and of persons operating the railways, including the holding of inquiries into the causes of accidents, as in the opinion of the Federal Government should be performed by persons independent of the Authority and of any railway administration.

So much of Part X of this Act as provides that powers in relation to railway services of the Federation shall be exercised by the Authority shall not apply in relation to officers of the Federal Government employed in the performance of any of the functions mentioned in this sub-section."

And you will find, Sir, when you come to the subsequent sections that there is a provision made as to the extent of the control that would be given to the Federal Legislature on the questions of policy relating to railway administration, notwithstanding the fact that executive authority is conferred on the Federal Railway Authority. It has been pointed out—but it requires a little more explicit statement,—it has been pointed out by my Honourable friend, Mr. Santhanam, that the Act itself contemplates that a question may easily arise as to where the proper line is to be drawn between policy and matters of executive authority, and provision, therefore, has been made in the Act that on that the opinion of the Governor General shall be accepted or shall be final. But before we have yet come to the stage where the Act has come into operation, before the Federal Railway Authority is formed, and before a question has arisen whether or not a particular matter falls within this matter of principle or falls within a matter of the executive authority, it is sought practically to be defined by this Act that, in so far as the fixing of maxima and minima rates is concerned, it is not a matter of policy but it is a power to be conferred on the Federal Railway Authority without any question or examination,—whether it is a matter of principle ; what, if an issue is joined, will be the decision of the Governor General, and apart from the question of joining the issue, without finding from all the sections in the country, either trade or the ordinary traveller who would be interested in the decision of matters of this character as being either the customers of the Railways or as providing the capital for which interest is to be paid from the revenues to which it contributes, what they think ; and it is somewhat difficult to understand why to-day in respect of a matter which has gone on perfectly smoothly for forty-eight years and until the Federal Railway Authority is brought into existence, this Bill is sought to be forced on this House.

It has also to be considered, when you come to think of it, that there is another matter. It was contemplated at the time of the Parliamentary Committee Report that there would have to be an Indian Act dealing with the whole field of railway authority, based undoubtedly on the powers which would be laid down in the Constitution Act. The few sections of the Constitution Act undoubtedly lay down the principles, and whereas a complete or comprehensive measure is necessary for that purpose, if at all a section of that kind were needed, it would have been perfectly easy for the Parliamentary Act to have included in it this particular section, in which circumstances it is true that this House would have been perfectly helpless, but the very fact that it was omitted from the Parliamentary Act is sufficient evidence or testimony to the point we are now making, viz., that it is a matter entirely within the sphere or intended to be left to the sphere of this Legislature after considering all the points of view and all the provisions that such an Act provides. I would like to call attention to paragraph

393 of the First Volume of the Joint Committee's Report in which this matter has been dealt with :

"The powers which the Governor General will possess of taking action in virtue of his special responsibilities (including, of course that relating to any matter which affects the Reserved Departments) must extend to the giving of directions to the Railway Authority. . . . We have considered the question whether the statutory basis for the new Railway Authority should be provided by the Constitution Act or by Indian legislation. There would be obvious advantages in having in being at the earliest possible date a Statutory Railway Authority conforming as closely as possible, both in composition and powers, with the body which will function after the establishment of the Federation, and we see no objection to the necessary steps being taken to this end in India. But even so we are clearly of opinion that the Constitution Act must lay down the governing principles upon which this important piece of administrative machinery should be based, and consequently that the provisions of the first (and any subsequent) Indian enactment on this matter should conform with those principles."

In other words, if it had been regarded as a matter of principle, it would have found a place in the Parliamentary Act. But if it is left to the legislative powers of the Federal Legislature, then it is rather premature to say how a particular power or authority will fit in with the rest of the scheme which would have to be included or embodied in an Act to be brought before the Federal House for the purpose. I, therefore, suggest that as the Indian Railways Act has worked without any difficulty for over half a century, no immediate occasion has arisen for its amendment. On the other hand, the manner in which this is sought to be brought before this House clearly shows that it is intended to be disjointed from the whole scheme of the Indian Act to be put and embodied and brought before the Federal Legislature, and its anticipation is not only fraught with suspicion but fraught with great danger. I, therefore, support the motion for circulation.

MR. M. S. ANEY (Berar : Non-Muhammadan): Sir, I would have very much liked my friends on the Congress Benches to have opposed this motion rather than move an amendment for circulation. However, as the motion is before the House, I rise to support that motion. The thing is this. Here we have got a Bill put before us for consideration to the effect that certain powers should be delegated by this House to the Federal Railway Authority. The Federal Railway Authority, as a matter of fact, as contemplated by the Government of India Act, has not come into existence, although the Adaptation Order has no doubt introduced certain provisions by which the present Government for certain purposes is allowed to function as a Federal Railway Authority. But the Federal Railway Authority which the Government of India Act really contemplates and for which provision is made in Part VIII has not come into existence in reality. In fact, as has already been pointed out by the Honourable the Leader of the Opposition, Part VIII of the Government of India Act which deals with the constitution, functions and powers of the Federal Railway Authority has not yet come into operation and it is left to His Majesty's Government to fix some date on which it may come into operation later on. Now, that being the case, it becomes somewhat difficult to understand why it is that the Government of India should think it necessary to come before this House with a piece of legislation asking for certain powers to fix the maxima and minima of rates to be given to that body.

One of the most objectionable features of the Federal scheme, which is condemned throughout this country by almost all sections of political parties, which count for anything in the public life of this country, is the creation of a separate Federal Railway Authority which will be more or less practically independent of control of this House. Up to this time there was no occasion for this House, although it has tried in many other ways, to express its opinion on that question. Government has not yet come before this House to secure the approbation of this House for a principle like the one which is embodied in the Government of India Act on that point. Up to this time all this has been done by the Parliament, and if we have to submit to anything it is not because we like it but because we are helpless in the matter. It is because we find ourselves in this position that we are complaining so far as this Federal Railway Authority is concerned. Certain changes are made by the Adaptation Order, which is not an Act of this House but which is also made by the Parliament itself. So, technically speaking, if the Federal Railway Authority has technically come into existence to-day, it

is not because this House wanted it or this House has created it, but it has come into existence in spite of this House. But if this Bill is accepted by us to-day, then, in my opinion, we give our assent in a direct manner to a body like that coming into existence. If we do so, we shall be in a way committing ourselves to the position of the Federal Railway Authority as contemplated by the Government of India Act.

Now, the Federal Railway Authority is a part of the Federal scheme itself, a scheme to which we are opposed tooth and nail. We do not want that Federation to come and all the paraphernalia which that Federation contemplates. One of the things that are contemplated is this Federal Railway Authority and, therefore, as a matter of principle, I would ask the Honourable Members of this House not to accept the principle of this Bill at all.

Then, it has been very rightly pointed out that the Indian Railways Act had been in existence for so many years and the occasion for the fixing of the maxima and minima rates must have arisen more than once during all these years, and that power has been exercised by the Government of India without any difficulty or doubt having been ever raised or any difficulty having been really created in the way of their exercising that particular right. So, if this power of fixing the maxima and minima rates not only for the State Railways but also for the Company Railways could have been exercised by the Government of India during all these years without any difficulty, where is the need for the Government of India to come hurriedly before this House and ask it to sanction a measure of this kind which is to invest them with that power? All that is stated is that the power is there and it is being exercised but the Government of India is anxious to have the statutory recognition of that power. If they could do these things without statutory recognition for all these years, I am sure they can continue to do so for some time more also till the Federal Legislature comes into existence.

Secondly, I take exception to this measure for this reason also that the Government of India contemplates not only the constitution of a Federal Railway Authority but an authority armed with all the powers and for which the Government of India ought to come before this House with a proper measure. What that Federal Railway Authority will be is a matter which we are entitled to know and the sort of thing they want can be understood only when they come out with a full and comprehensive measure giving all the powers which that authority is intended to have. When that whole picture will be present before this House, it will be proper for us to say whether the particular power which is now claimed should be given to that body or should be retained by this House. When this House is asked to part with certain powers, which it has technically got, because the very fact of coming before this House with a measure of this kind shows that the real power of fixing the maxima and minima rates is in the hands of this Legislature and that this Legislature is now asked to part with that power and delegate it to the Federal Railway Authority, it ought to look at the matter with great care and caution. So, the power which at least in theory is possessed by this House is to be delegated. Now, before we delegate any of our powers to anybody, we want to know who is it that is going to have that power? What is the nature of that particular body which wants to be possessed of this power? In order to have a complete idea of that statutory body called the Federal Railway Authority, it is necessary that the Government of India should come out with a comprehensive measure showing its composition and its various powers and functions, and, in that case, it shall be proper for us to know whether and how far the powers of this House should be parted with and delegated to that particular body or not. But to come before the House with a measure asking for one little power is in my opinion really intended not so much to get that power at all, but to commit this House to the position of having accepted the necessity of having a Statutory Railway Authority as contemplated by the Government of India Act.

I, therefore, think that this matter requires to be seriously considered and this House also should have the benefit of outside public opinion before it can make up its mind finally on this subject. It is in order to get time to consider the implication of a measure like that with all its pros and cons and in order that we should be in a position to understand what cultured public opinion thinks of a Federal Authority invested with such powers that we want this Bill to be circulated. I believe there will be no harm in allowing a measure like that to go before the public for their opinion. Therefore, for these reasons, I am in favour of the motion for circulation, although I would have liked to oppose the Bill and kill it

this very moment now and here. But in the absence of any motion like that, as the second best thing, I wish to support the motion for circulation which has been moved by my Honourable friend, Mr. Santhanam.

SIR MUHAMMAD YAMIN KHAN (Agra Division : Muhammadan Rural): Sir, we met in London in 1933 to discuss the question of the establishment of a Federal Railway Authority, and then we expected that the Bill would be brought before the Assembly sometime in 1934 at the latest. We have been waiting up to now these four years to see if a Bill will be presented before the Assembly establishing a Federal Railway Authority. Year after year, Session after Session, we thought that the Government would place the Bill before the Assembly to constitute a Federal Railway Authority. Unfortunately, we had differences with the European section of the Members of the Committee who happened to be there. Though we Indians were all unanimous on our side, we were opposed by the European element in that Committee. Owing to that difference of opinion, we could not get this Federal Railway Authority Bill presented to this Assembly. We were often told in the discussions in London that it might not be possible to have this scheme put before this House and that it might have to go before Parliament if we were not unanimous. But, we the representatives of India, all Hindu and Muslim Members of the Legislature who were Members of that Committee were unanimous on that point. Now, we find that after a lapse of a long time this Bill has come before us. One principle was accepted there and that was the unanimous wish of all the Members of all Parties of which the Legislative Assembly was composed at that time, namely, that there should be a Railway Authority. This was the unanimous wish and we were all unanimous on that point.

SOME HONOURABLE MEMBERS : Not at all. We do not want this Federal Railway Authority.

SIR MUHAMMAD YAMIN KHAN : All the Members in the then Assembly were agreed. I meant them when I referred to 'we'. Sir, having agreed to that principle, it is not right for a new Assembly to go back and say that whatever the previous Assembly has done was wrong and we are not bound. Of course, the present Assembly is not bound to accept what the previous Assembly did. But Honourable Members who were Members of the then Assembly and who still continue to be Members of the present Assembly and who endorsed their signatures to that principle cannot go behind this. I at least, as one of the signatories, quite agree that the Statutory Railway Authority is beneficial for the purpose of India's progress. It is certainly not very pleasant to me or to many Honourable Members on this side of the House that we should part with our powers which we have got as legislators. Certainly the delegation of the powers of the Assembly to the Federal Railway Authority may not be pleasant at all to any of us. I can quite understand that. But the principle is that you have to run the railways on business lines. You have to leave the Railways to be managed by men who know business lines properly and who can be trusted to run the railways on sound financial and business lines. Having accepted the principle that a small body of businessmen should be put in charge of Railways, it does not matter even if we circulate the Bill.

My Honourable friend, Mr. Aney, said that we could not accept even the principle, and he was of opinion that if we agreed to the motion for circulation, it would amount indirectly to our accepting the Federation Scheme, because the Federal Railway Authority is based on one scheme which puts up the Federation. That may be an objectionable point of view. But leaving aside that point of view, I think the Bill is so simple that it does not need any circulation. If the views of the public are required on the question whether Federation is wanted or not, those views are already known to us. Those views have already been given out by the Congress, by the different Associations and by so many other bodies. They all unanimously say they do not accept the Federation as embodied in the Government of India Act at all. So to get the same views again by circulating this Bill, is unnecessary. But if the House thinks that this Bill should be circulated to get only that opinion, I for one will have no objection to it.

THE HONOURABLE SIR THOMAS STEWART: Sir, I must confess that this debate has developed along somewhat different lines from what I had anticipated. I believed that the issue that I was presenting to the House was a fairly simple one. I had come forward with

no such Machiavellian designs as the Honourable the Leader of the Opposition would lead the House to think. To me it appeared that there was no new principle involved in this Bill at all. There was to be no fresh recognition of the Federal Railway Authority because the Indian Railways Act already confers a very large number of powers on that body. Nor did I think that there was any new principle involved in the process of fixing the maximum and minimum rates. Nor did I attempt to demonstrate that in the present circumstances there was an inherent defect in the Indian Railways Act. I said quite frankly that we were legislating for a future contingency, though I am not in a position to say when that contingency is likely to arise. But, as I say, the debate has developed along different lines, and I do not propose to follow the previous speakers in their defence or attack on the constitution of the Federal Railway Authority. But I do realise, Sir, that there is a strength of feeling in the House to which I am willing to defer, and I am prepared to accept the motion for circulation.

MR. M. A. JINNAH (Bombay City: Muhammadan Urban): Sir, I should like to hear a little more from Government as to why this Bill is introduced and its real need. I am not in favour of a motion for circulation but on the contrary I am entirely opposed to the Bill, and therefore, unless Government really wish to place their case fully before us, I shall be obliged to oppose both the motion for consideration of the Bill as well as the motion for circulation. I am really surprised that Government should take the matter so lightly, and I also regret that the Congress Party should have moved only for circulation.

Sir, there is a definite principle involved in this matter. My Honourable friend, Sir Yamin Khan, said that this House has accepted the principle of a Statutory Railway Authority. (*Voices of "Never."*) What has this House accepted? The last expression of opinion that was given by this House was that the entire Federal scheme is not acceptable to the House; and now this House cannot say that the Bill before us whose main purpose is to give statutory recognition to the Federal Railway Authority should be circulated for public opinion. What is there to get public opinion about? Here is a Bill which seeks to give power to the Federal Railway Authority to fix maximum and minimum rates. I do not see what useful purpose will be served by having this Bill circulated for opinion. It is quite obvious that in the ordinary normal course the Railway Authority have and should have the power to fix the rates. We are not opposed to that; and to that purpose whose opinion do you want? But the question is, are we going to be a party, directly or indirectly, to the enactment of this part VIII in the Government of India Act? I refuse to be a party to it and so long as we can help in this House we should not accept that position. Government have forced this whole Federal scheme upon us; we are opposed to it and it will be most inconsistent for us to quietly allow Government bit by bit and step by step to bring into force, directly or indirectly, this scheme to which we are so deadly opposed. Therefore, I cannot be a party to it on principle, so far as I am concerned; and although I have not had an opportunity of consulting the members of my Party, as I was away from Delhi for the last few days, I hope they will agree with me. So far as we are concerned, we are opposed to this Bill and we will, therefore, oppose also the motion for circulation.

MR. M. ASAF ALI (Delhi: General): Sir, I welcome the expression of opinion which has proceeded from the Leader of the Independent Party and also the expression of opinion from the Leader of the Congress Nationalist Party. I think now I should explain the position of my Party. Unfortunately, it is not always possible for us to ascertain the views of different Parties beforehand. I may say that if other parties are left out we are certainly in a minority although we may be the largest single group in the House. If only the Independent Party had met and come to this decision and if only the Congress Nationalist Party had met and come to this decision, we would have been the first to oppose not merely the consideration of this Bill but every stage of it; and we would be prepared to do so now if we are assured by the other Parties that they are behind us or with us. That is the position. We accept neither the principle of this Bill nor its provisions. We simply wanted a dilatory motion because we were not quite certain where the House stood. That is the only reason and that has been our difficulty all along. We would have taken up as strong an attitude as is possible against this Bill from the very start, but time and again our difficulty has been.

MR. M. A. JINNAH: Sir, I may point out to the Honourable Member that the less he talks about it the better, because there is no co-operation and cohesion among the various

Parties, and it is not possible. If the Congress Party will in future observe a little more of that I think we might agree beforehand.

MR. M. ASAF ALI : I welcome this expression of opinion from the Leader of the Independent Party, and I can assure him that so far as we are concerned we are prepared to lend every possible co-operation to any other Party.

MR. M. A. JINNAH : Do not say it, but do it.

MR. M. ASAF ALI : We have been doing it all along. The only difficulty is that the Independent Party do not often meet. However, Sir, that is not the point. I am only trying to stress the fact that we are definitely opposed to the whole of this Bill—to the principle as well as the contents of this Bill. And I am absolutely certain that the Mover of the motion from my Party will be only too ready to ask the leave of the House to withdraw the motion straightaway and allow us to kill the Bill outright.

MR. N. M. JOSHI (Nominated Non-Official) : Sir, the Bill which we are discussing this morning is of serious importance from the constitutional point of view. My Honourable friend, Sir Yamin Khan, said that those who met at London had agreed to the establishment of some organisation for controlling the Indian railways. So far he is right. Those of us who had met in London and considered the question of the constitution of the Statutory Railway Authority had agreed that there should be some organisation for the control of the Indian railways. But most of us at that time thought, and even think now, that any organization that is to be established for controlling the Indian railways should be established by legislation in India. Sir, we wanted the Railway Authority to be established by legislation passed by the Indian Legislature and not by Parliament. Unfortunately the British Parliament in its wisdom has incorporated certain sections in the Act dealing with the Federal Railway Authority which cannot be amended by this Legislature. It has incorporated in the Government of India Act certain other sections which it can amend only with the previous sanction of the Governor-General. The British Parliament has shown want of confidence in the Indian Legislature in this matter. I would, therefore, like that the Indian Legislature should not approve of any legislation which will give recognition to the Statutory Railway Authority established by the British Parliament.

Moreover, Sir, coming to the Bill itself, if the object of the Government of India is to take power to themselves to fix maximum and minimum rates, that is not what the Bill has done. In the Statement of Objects and Reasons it is stated that they want to give statutory recognition to the power which the Government of India is now exercising for fixing maximum and minimum rates, but the Bill does not give the power to the Government of India, it gives the power to the Statutory Railway Authority. When the Federation comes into existence, I hope it will not, but if it comes into existence it is not the Federal Government of India which will have the power of fixing maximum and minimum rates ; that power will be taken away from the Federal Government and given to the Federal Railway Authority. If, Sir, the Government of India wanted the Central Government to possess the power, they should have introduced a section here that the Federal Government of India shall possess the power and not the Federal Railway Authority. The counterpart of the present Government of India is not the Federal Railway Authority, but the Federal Government of India, and if we pass this measure the Federal Government of India will lose its power to control the maximum and minimum rates.

The Honourable Sir Thomas Stewart stated that this legislation is necessary on account of the fact that the fixing of maximum and minimum rates is a Federal subject. Simply because a subject is given in the Federal List it does not mean that the Federal Legislature will have full control over that subject : Ecclesiastical matters, Army, External Affairs are all in the Federal List, but that does not mean that the Federal Legislature is going to get control over these subjects. The subject of fixing maximum and minimum rates on railways may be a Federal subject, but the Federal Legislature may not have power—I am not suggesting whether it will or will not have—of fixing rates. But if we once give this power to the Federal Railway Authority, it is quite possible that the Federal Railway Authority may say that the Federal Legislature does not possess the power now to take away those

powers from them because it is not a matter of policy, and that the Federal Legislature and the Federal Government have only control over the policy of the Indian Federal Railway Authority. If that Authority take the view that the fixing of maximum and minimum rates is not a question of policy, and if the Governor-General agrees with that view, neither the Federal Legislature nor the Federal Government will possess any power to control the maximum and minimum rates. I hope, Sir, that this Legislature will not pass this Bill. I am in favour of the suggestion put forward by the Honourable Mr. Jinnah that we should oppose the motion for the consideration of this Bill.

MR. B. DAS (Orissa Division: Non-Muhammadan) : In opposing the motion before the House

THE HONOURABLE SIR NRIPENDRA SIRCAR (Law Member) : Which one are you opposing ?

MR. B. DAS : The one which has been moved by the Honourable Member for Communications.

MR. PRESIDENT (The Honourable Sir Abdur Rahim) : You should speak on the amendment that has been moved.

MR. B. DAS : In opposing the motion for consideration, I regret that the Honourable Member for Communications has not been kept booked by his department

MR. PRESIDENT (The Honourable Sir Abdur Rahim) : The amendment before the House is the amendment for circulation.

MR. M. ANANTHASAYANAM AYYANGAR (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural) : Cannot a Member speak both on the Bill and on the amendment ?

MR. PRESIDENT : (The Honourable Sir Abdur Rahim) : First the debate will be on circulation and then the debate will go on to the other amendments. You had better speak on the motion of Mr. Santhanam.

MR. M. ANANTHASAYANAM AYYANGAR : So far as we are concerned certainly we are opposed to the principle of the Bill and the motion for its consideration, but after hearing a number of friends speak, it is not possible to say whether they are supporting one side or the other, and as Members, contrary to their speeches, get into a different lobby, it is not possible to determine even to-day what the support is so far as any particular motion is concerned.

MR. M. A. JINNAH : I have made it clear that I am opposed to the motion for circulation.

MR. M. ANANTHASAYANAM AYYANGAR : We have heard speeches and speeches ; at the start it appeared that we were receiving support, but at the end it was a different matter. May I speak on the Bill or on the amendment ?

MR. PRESIDENT (The Honourable Sir Abdur Rahim) : Mr. Santhanam's amendment is the motion before the House.

MR. M. ANANTHASAYANAM AYYANGAR : I am a party to it. Under the Government of India Act, 1935, the Central Legislature has the power to fix rates and regulate them. That matter is a very important one for the future of India and its trade. The Central Legislature cannot abrogate all these powers by signing it away to some other authority, the Federal Railway Authority. I most certainly think that this Bill is *ultra vires* in this sense. Under section 192 it is obligatory for the Federal Legislature to set out the principles on which the rates may be fixed. Even if a Committee be appointed or the Federal Railway Authority clothed with powers to fix the actual rates to be adopted, the principles on which those rates will have to be fixed will have to be laid down by the Federal Legislature. I would request a perusal of section 192,

“ A Bill or amendment making provision for regulating the rates or fares to be charged on any Railway shall not be introduced or moved in either Chamber of the Federal Legislature except on the recommendation of the Governor General.”

I believe the intention in making a separate provision under section 192 is that the principles regulating the fares and rates have to be generally indicated by an Act of the Central Legislature, though the principles may be worked out in practice and schedules prepared by another authority. The Central Legislature cannot give a *carte blanche* to any other authority. Mr. Srinivasan in his book “ Railway Freight Rates,” says on 117 page in para. 20 :

“ The Tribunal should be directed by Act of Parliament so to fix in the first instance the standard rates as to provide that each of the Railway Companies or groups of Railway Companies shall with good management be enabled by charging such rates to earn sufficient revenue to pay all their costs, charges and expenses and to receive a fair rate of profits. The Act should indicate what in present circumstances is to be deemed to be a fair rate of profit.”

The Federal Legislature should be clothed with the power to say : this is a fair rate of profit, and nothing more than that ought to be taken by so fixing rates and fares. Recently, unfortunately for the industrial development of the country, a new principle of administration has been introduced in this country, that is the principle that the railways should be worked on business principles which means that profit is the only concern. I say that it must be subject to the other principle, that it must cater to the improvement of trade and industry in this country. Even if in some cases the railways do not actually give any profit that they might be expected to give if it is purely done on business principles, I would say that the dominant and chief purpose for which the railways should be run and should continue to be run is that the trade and industry of this country ought to be pulled up so that we may become one of the most important trading nations of the world. Unfortunately, that consideration has receded into the background after the enunciation of this principle that the railways should be run as a purely business concern. To avoid all this and lest more emphasis should be laid on the profit basis than upon.....

MR. PRESIDENT (The Honourable Sir Abdur Rahim) : The Honourable Member is really going beyond the motion : he must confine himself to the amendment.

MR. M. ANANTHASAYANAM AYYANGAR : I would like that all the trades and interests should be given an opportunity to express their opinion as to whether it is desirable that the authority vested in the Federal Legislature to fix these rates or the principles on which these rates should be fixed, ought to be signed away to the Railway Authority. It is for that reason that it is necessary that the trades and interests all over the country should be consulted. That is an essential argument to support the motion for circulation. I was referring to a similar provision in the same book where the Minister for Transport appoints a panel of tradesmen and even of workers in the railways from time to time regarding these rates and fares. I say that the Federal Railway Authority is not competent to go into this question. The question might arise whether the Federal Railway Authority, which is clothed with such large powers of working the railway administration, should also be worried with the business of fixing rates and fares. There may be a separate rates and fares committee as in England ; for that purpose it is necessary that the Bill should be circulated so that the views of various organizations may be obtained. I support the motion for circulation.

HONOURABLE MEMBERS: The question may now be put.

MR. PRESIDENT (The Honourable Sir Abdur Rahim) : The question is :

“ That the question be now put.”

The motion was adopted.

MR. PRESIDENT (The Honourable Sir Abdur Rahim) : The question is :

“ That the Bill further to amend the Indian Railways Act, 1890, for a certain purpose (*Insertion of new section 42B*), be circulated for the purpose of eliciting opinions thereon by 1st January, 1939.”

The motion was adopted.

Copy of letter No. 2141/119, dated the 11th May 1938, from the Association to the Secretary to the Government of Bombay, Public Works Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 427/36-Ry., dated the 25th March 1938, in which you request my Committee to express an opinion on the provisions of a Bill to amend the Indian Railways Act, 1890, so as to empower the "Federal Railway Authority" to fix the maximum and minimum rates for the whole or a part of any railway system in India. It is pointed out in the Statement of Objects and Reasons appended to the Bill that at present there is no statutory provision in the Indian Railways Act that gives Government the power to prescribe maximum and minimum rates for railways in India, but that Government have been exercising this power since the beginning of railway operation and that the present Bill is designed to set this matter right.

My Committee have carefully considered the Bill in conjunction with the Legislative Assembly Debates, dated the 9th February 1938, on it, and they are of the opinion that insufficient reasons have been advanced by Government as to why the Legislature should, in advance of the actual constitution of the Federal Railway Authority, give that body certain powers. They feel that no case for urgency has been made out and that until something more of the composition, powers and functions of the Federal Railway Authority is known, they should not be called upon to recognise the existence of such a body in the manner suggested in the Bill. In the circumstances, they would suggest that the Federal Legislature might well be left to deal with the question when it arises.

APPENDIX 47.

THE CENTRAL PROVINCES AND BERAR FACTORIES (AMENDMENT) BILL, 1938.

A Bill to amend the Factories Act, 1934, in its application to the Central Provinces and Berar.

Preamble.—Whereas it is expedient to amend the Factories Act, 1934, in its application to the Central Provinces and Berar, in the manner hereinafter appearing :

It is hereby enacted as follows :—

1. *Short title and commencement.*—(1) This Act may be cited as the Central Provinces and Berar Factories (Amendment) Act, 1938 .

(2) It shall come into force from such date as the Provincial Government may, by notification, direct.

2. *Insertion of sections 9-A and 9-B in Act XXV of 1934.*—After section 9 of the Factories Act, 1934 (hereinafter referred to as the said Act), the following sections shall be deemed to be inserted, namely :—

"9-A. *Registration certificate for working factory.*—(1) No factory shall be worked or permitted to be worked by a manager or an occupier unless a registration certificate has been granted in respect thereof.

(2) A registration certificate granted under sub-section (1) shall be in force for one year from the date of the grant and shall be renewable annually.

9-B. *Rules.*—(1) The Provincial Government may make rules—

(a) as to the authority by which, the form in which and the conditions subject to which, a registration certificate may be granted under section 9-A ;

- (b) prescribing the fee on payment of which a registration certificate may be granted or renewed under section 9-A.

(2) In making rules the Provincial Government may prescribe different rates of fees for factories classified according to the number of workers employed in them."

3. *Insertion of section 62-A in Act XXV of 1934.*—After section 62 of the said Act, the following section shall be deemed to be inserted, namely :—

"62-A. *Penalty for failure to register.*—A manager or an occupier who contravenes the provisions of section 9-A shall be punishable with fine which may extend to five hundred rupees, or, if he has previously been convicted of an offence under that section, to one thousand rupees."

STATEMENT OF OBJECTS AND REASONS.

The Sub-Committee of the Economy Committee recently appointed by the Provincial Government suggested that a fee should be levied on factories for the inspection of factories conducted by the inspectors under the Factories Act, 1934. In view of the pressing need for economy and of the desirability of making the factory department self-supporting as far as possible, Government has accepted the recommendation and proposes to give effect to it in the manner provided for in the Bill.

NAGPUR, the 1st August 1938.

C. J. BHARUKA,
Member in charge.

*Copy of letter No. 5098/184C, dated the 14th December 1938, from the Association to
The Director of Industries, Central Provinces and Berar, Nagpur.*

I am directed to acknowledge with thanks the receipt of your letter No. 8109D, dated the 1st December 1938* in which you very kindly permitted my Committee to submit their observations on the Bill to amend the Factories Act 1934, in its application to the Central Provinces and Berar, on the 20th of this month. My Committee greatly appreciate the opportunity and additional facilities afforded to them for expressing an opinion on this Bill, and would welcome similar opportunities in future in connection with any legislative measures which your Government might propose in future in connection with industrial labour.

Coming to the Bill under consideration, it is stated in the Statement of Objects and Reasons :—

"The Sub-Committee of the Economy Committee recently appointed by the Provincial Government suggested that a fee should be levied on factories for the inspection of factories conducted by the inspectors under the Factories Act, 1934. In view of the pressing need for economy and of the desirability of making the factory department self-supporting as far as possible, Government has accepted the recommendation and proposes to give effect to it in the manner provided for in the Bill."

My Committee have not been favoured with a copy of the Report of the Sub-Committee referred to, but it is understood that the Sub-Committee was appointed to make recommendations "with a view to effecting economy and securing the maximum possible reduction in the cost of administration consistent with reasonable efficiency." If this is so, my Committee fail to see how the levy of fees for factory inspection could possibly fall within the scope of the terms of reference of the Sub-Committee. Even if Government contend that proposals for additional revenue could not be entirely dissociated from retrenchment, the point is whether the Sub-Committee have advanced any really effective and convincing arguments in support of the proposed levy. Our information is that the report is not very helpful in this respect also, for the only reference to inspection fees is contained in one sentence where the Sub-Committee states : "We see no reason why factory inspection fees should not be charged."

The Indian Factories Act is, as you are aware, essentially labour legislation in the sense that it has been framed to regulate conditions of labour in factories and as such should be a charge on the general revenues of the State. My Committee are not aware whether the cost of factory inspection is borne by the factory owner in any country in the world, but if the factory inspection department is to be made self-supporting, then the cost should naturally be passed on to labour or their unions.

My Committee have very grave doubts whether the levy of inspection fees would not be repugnant to the provisions of the Indian Factories Act of 1934. My Committee are aware that a fee is charged by the local Government for the inspection of electrical installations in mills, but in this case the levy is specifically authorized by the Indian Electricity Act (*vide* Section 37 and Rules 5 (i) and (ii)), and if it had at all been intended that factory inspection should pay for itself, then my Committee have no doubt that provisions somewhat similar to Section 37 of the Indian Electricity Act would have been incorporated in the Factories Act, and in the absence of such provisions, it is thought that employers would be justified in holding that the proposed levy was unwarranted.

My Committee are not aware whether the C. P. Government contemplate an increase in the Factory Inspection staff and whether the proposal to levy an inspection fee arises from any such increase. It might, in any event, be pointed out that if the revenues of the Province cannot afford an increase in Factory Inspection staff, the local Government could nevertheless discharge the responsibilities conferred on them by the Indian Factories Act by appointing *ex-officio* inspectors of factories. Factory inspection, unlike boiler inspection, is chiefly work of an administrative character and does not call for the same special technical qualifications. Section 10 of the Factories Act contemplates the appointment of such *ex-officio* inspectors, and my Committee suggest that the question of augmenting the existing regular factory inspection staff by special *ex-officio* inspectors should be explored by Government.

My Committee have, on various occasions, pleaded for co-ordination of labour legislation in Provinces. Lack of co-ordination in such matters is bound to create an extremely undesirable situation and might lead to an industry in one Province having an advantage or disadvantage in competing with that of a neighbouring Province on account of the "cautious" or "advanced policy" pursued by the Government of the former. It is, therefore, my Committee's submission that your Government should also move in the matter and get in touch with other Provincial Governments in order to secure a co-ordinated or a planned labour policy.

If, in spite of the considerations set forth above, your Government still desire to proceed with the proposed Bill, then my Committee would like to make the following observations on the detailed clauses :

Clause 2—Proposed Sections 9-B (1) and (2) :

It is proposed that no factory shall be permitted to work unless a certificate of registration has been obtained, and it is further provided that a registration certificate shall have a life of one year. The proposed Section empowers the local Government to prescribe a fee on payment of which a registration certificate may be granted or renewed. There is no indication as to the conditions, if any, under which the local Government will grant or renew the certificates, nor is there any indication as to the maximum or minimum fees which would be levied. The entire proposal is objectionable inasmuch as the Legislature would not be given an opportunity of expressing an opinion on the fairness or otherwise of any charge proposed. If, as laid down in the Clause, the charge is only for registration, then there is no reason why registration should not be effected at a nominal charge.

In the proposed sub-section 9-B (2), it is stated that "in making rules the Provincial Government *may* prescribe different rates of fees for factories classified according to the number of workers employed in them". The Clause, as it stands, does not rule out the possibility of Government adopting any other standard for the fixation of fees payable for registration, and the alternative methods might advisably have been specified in the Bill itself.

APPENDIX 48.

THE CENTRAL PROVINCES AND BERAR MINIMUM WAGE FIXING
MACHINERY BILL, 1938.

A Bill to provide for the setting up of a machinery for fixing minimum wages based on reasonable standard of living of workers employed in industrial establishments as well as under local bodies and the Public Works Department of the Provincial Government.

Preamble.—Whereas it is expedient to set up a machinery to secure minimum wages to workers employed in industrial establishments and under local bodies and the Public Works Department of the Provincial Government ;

It is hereby enacted as follows :—

1. *Short title, extent and commencement.*—(1) This Act may be cited as the Central Provinces and Berar Minimum Wage Fixing Machinery Act, 193 .

(2) It extends to the whole of the Central Provinces and Berar.

(3) It shall come into force on such date as the Provincial Government may, by notification, appoint :

Provided that such notification shall be issued not later than six months from the date of the publication of this Act, in the *Gazette*.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

(a) “employer” includes an owner, agent, occupier or manager of a factory or mine governed by the Factories Act, 1934, or the Central Provinces Unregulated Factories Act, 1937, or the Indian Mines Act, 1923 ; and, in the case of a local body or the Public Works Department of the Provincial Government, means the authority prescribed in this behalf or, where no authority is prescribed, the head of the department ;

(b) “industrial establishment” means an establishment governed by the Factories Act, 1934, or the Central Provinces Unregulated Factories Act, 1937, or the Indian Mines Act, 1923 ;

(c) “local body” means—

(1) any municipal or notified area committee constituted or deemed to be constituted under the Central Provinces Municipalities Act, 1922, or the same Act, as applied to Berar ;

(2) any district council, independent local board or local board constituted or deemed to be constituted under the Central Provinces Local Self-Government Act, 1920, or the same Act, as applied to Berar ;

(3) any panchayat constituted or deemed to be constituted under the Central Provinces Village Sanitation and Public Management Act, 1920, or the same Act, as applied to Berar ; and

(4) any panchayat constituted under the Central Provinces Village Panchayat Act, 1920, or the same Act, as applied to Berar :

(d) “prescribed” means prescribed by rules made under this Act ;

(e) “wage board” means a machinery constituted under this Act for the purpose of fixing minimum wages ;

(f) “worker” means any person employed other than in a clerical capacity, in any industrial establishment or in any industry, business or undertaking carried on by a local body or the Public Works Department of the Provincial Government.

3. *Wage Board.*—(1) The Provincial Government shall set up a wage board for such areas, trade or industry, or occupation, as it may think fit.

(2) Such board shall consist of an equal number of representatives of employers and workers not exceeding four, excluding the chairman, as may be prescribed.

(3) The term of office of a board shall be for three years. Any vacancy occurring during the term of a board shall be filled in such manner as may be prescribed.

4. *Method of choosing representatives and the chairman.*—(1) The representatives of employers and workers shall be chosen in such manner as may be prescribed.

(2) The chairman shall be chosen by the representatives of employers and workers and, in the event of their failing to reach an agreed decision, the Provincial Government shall nominate a judicial officer, not below the rank of a District and Sessions Judge, as Chairman.

5. *Functions of the Wage Board.*—(1) A wage board shall fix the minimum wage or piece rate payable to a worker.

(2) Where the Factories Act, 1934, or the Central Provinces Unregulated Factories Act, 1937, or the Indian Mines Act, 1923, does not apply to any industrial undertaking, the wage board shall fix the minimum wage on the basis of eight hours a day.

6. *Payment to workers.*—No employer shall pay to a worker less than the minimum wage or piece rate, as the case may be, fixed by the wage board.

7. *Maintenance of accounts by employers.*—Every employer shall maintain a complete and authentic record of wages paid by him to the workers employed by him.

8. *Inspection of accounts.*—An Inspector appointed under the Factories Act, 1934, or the Central Provinces Unregulated Factories Act, 1937, or the Indian Mines Act, 1923, and such officer of the Crown as may be appointed by the Provincial Government in this behalf, shall have access to the records maintained under section 7 and shall be entitled to take copies of or to seize such records.

9. *Penalty.*—Whoever contravenes the provisions of this Act, or the rules made thereunder, shall be punishable with a fine which may extend to one hundred rupees.

10. *Cognizance of offence.*—(1) No court shall take cognizance of any offence against this Act, or the rules made thereunder except on the complaint of the aggrieved party or the trade union concerned or of such person as may be authorized by the Provincial Government in this behalf.

(2) No offence punishable under this Act, or the rules made thereunder shall be triable except by a magistrate of the first class.

11. *Appointment of staff.*—The Provincial Government shall appoint such staff as it thinks necessary for ensuring enforcement of this Act.

12. *Power to make rules.*—(1) In addition to the power conferred by this Act, the Provincial Government may make rules generally for the purpose of carrying into effect the provisions of this Act.

(2) All rules made under this Act, shall be subject to the condition of previous publication.

STATEMENT OF OBJECTS AND REASONS.

The workers in industrial and other occupations are paid very low wages which are considerably below the real value of the work done. Such low wages are not even sufficient for the subsistence of the workers and their families. With growing malnutrition, workers' productive capacity is bound to sink to the level of the wages paid. Moreover the situation is aggravated by the repercussions that the low wages have on better paid workers and their employers. If workers are underpaid even by a smaller number of employers or establishments, competition makes it impossible for other establishments of the same trade or industry to maintain a fair wage. Therefore, it is of advantage both to the employers and workers to prevent such unfair competition. This can only be done effectively by setting up a machinery for fixing minimum wages and rates, which will not only mitigate sweated labour and tend to improve efficiency but also prevent undercutting.

NAGPUR,
the 4th August 1938.

V. R. KALAPPA,
Member in charge.

Copy of letter No. 5128/184C, dated the 15th December 1938, from the Association to the Director of Industries, Central Provinces and Berar, Nagpur.

I am directed by the Committee of the Association to convey to you the Association's considered views on the Central Provinces and Berar Minimum Wage Fixing Machinery Bill, 1938.

The Statement of Objects and Reasons appended to the Bill reads :—

“The workers in industrial and other occupations are paid very low wages which are considerably below the real value of the work done. Such low wages are not even sufficient for the subsistence of the workers and their families.”

On page 9—Chapter III—of their Report, your Provincial Textile Labour Inquiry Committee stated :—

“In the absence of a properly conducted wage census or periodical enquiries into the wages in the textile industry, it is scarcely possible to make an accurate survey of the wage position in the industry in the Province.”

The Inquiry Committee themselves did not conduct a regular wage census, nor, so far as my Committee are aware, did the Central Provinces Government conduct an enquiry subsequently. In the circumstances, my Committee maintain that Government were not justified in making the statement that “the workers in industrial and other occupations are paid very low wages which are considerably below the real value of the work done,” and my Committee maintain that in the case of cotton mill workers the statement is entirely unwarranted.

The Bill has been described as providing for the purpose of setting up machinery “for fixing minimum wages based on reasonable standard of living.” This description read with the statement in the Objects and Reasons that “such low wages are not even sufficient for the subsistence of the workers and their families” seems to indicate that what Government have really in mind is minimum wages based on reasonable standard of living. If this is so, then, we submit that the Bill should have provided for a definition of the term “reasonable standard of living of workers” and what items it includes. Any legislation to provide for the payment of a minimum wage of the nature contemplated by your Government must, in our opinion, be preceded by exhaustive investigation—which must be as broadly based as possible—to ascertain and report on :

(a) what constitutes a reasonable standard of living for unskilled workers ?

- (b) what should be the composition of a worker's family and whether the earnings of all members of the family should be taken into account or only the earnings of the head of the family ?
- (c) what items should be provided for in fixing such a standard ?
- (d) whether a minimum should be fixed only for adult unskilled workers or all workers ?
- (e) The capacity of the industry to pay the wage proposed.

The working class cost of living figures which, it is understood, are being collected by your Department will not, in my Committee's view, afford a satisfactory basis, since, if anything, they can indicate what the cost of living is at present for the community as a whole, which would not necessarily be "a reasonable standard" for unskilled workers. These matters are, as you are aware, being exhaustively examined by the Textile Labour Inquiry Committee appointed by the Bombay Provincial Government, and your Government should, in the view of my Committee, take the opportunity of studying the evidence submitted to and the recommendations made by that Committee before proceeding with this Bill.

When on the question of a minimum wage, it would be pertinent to draw attention to the fact that Article I of the Minimum Wage Convention adopted at the Eleventh International Labour Conference, 1928, reads as under :—

"Each Member of the International Labour Organization which ratifies this Convention undertakes to create or maintain machinery whereby minimum rates of wages can be fixed for workers employed in certain of the trades or parts of trades (and in particular in home working trades) in which no arrangements exist for the effective regulation of wages by collective agreement or otherwise and wages are exceptionally low."

Referring to this Convention, the Bombay Strike Inquiry Committee in 1928-29, which was presided over by an eminent High Court Judge, said : "It thus excludes from its scope trades, or even parts thereof, in which although wages may be exceptionally low the workers are sufficiently organized to conclude collective agreements, or, even if unorganized, are protected by other equally effective arrangements."

The Textile Industry in India is by no means a sweated industry and textile workers must be included among the more prosperous members of the working class, and, in the circumstances, my Committee strongly feel that, even if your Government desire to proceed with the Bill, a case exists for its application being limited to industries which fall within the scope of the Convention adopted by the International Labour Conference.

Turning to the details of the Bill, I am to point out :

Clause 2 (a).—It is thought that *all* manual workers should be covered by the Act and not only factory and mine labour and labour employed by local bodies.

Clause 4 (2).—The Chairman of the Board should in *all cases* be a person not below the rank of a District and Sessions Judge.

APPENDIX 49.

THE CENTRAL PROVINCES AND BERAR COLLECTION OF STATISTICS BILL, 1938.

A Bill to provide for the collection of statistics.

Preamble.—Whereas it is expedient to provide for the collection of statistics ;

It is hereby enacted as follows :—

1. *Short title, extent and commencement.*—(1) This Act may be cited as the Central Provinces and Berar Collection of Statistics Act, 1938 .

(2) It extends to the whole of the Central Provinces and Berar.

(3) It shall come into force on such date as the Provincial Government may, by notification, direct.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

- (i) “ Director ” means the Director of Industries, Central Provinces and Berar, and includes any person for the time being performing the duties of the Director of Industries ;
- (ii) “ dwelling ” means a building or tent, whether permanent or temporary, which is wholly or partly used for the purpose of human habitation ;
- (iii) “ employer ” means an owner in any industry, and includes the manager, occupier, person in charge of a prison hospital or public or charitable institution, or any person for the time being acting on his behalf ;
- (iv) “ factory ” means a factory as defined in clause (j) of section 2 of the Factories Act, 1934, or any premises declared to be a factory under section 5 of that Act ;
- (v) “ industry ” includes—
 - (a) any business, trade, undertaking or calling of employers,
 - (b) any calling, service, employment, handicraft or industrial occupation of employees, and
 - (c) a branch of an industry or a group of industries ;
- (vi) “ occupier ” includes any person for the time being in charge of any dwelling, factory, shop or place of business ;
- (vii) “ prescribed ” means prescribed by rules made under this Act.

3. *Collection and publication of statistics.*—(1) Subject to the provisions of this Act and the rules made thereunder, statistics shall be collected from time to time by the Director relating to all or any of the following matters :—

- (a) prices of commodities and cost of living ;
- (b) housing and rent of dwellings ;
- (c) rates of wages and hours of labour, absenteeism, labour turnover and benefits provided for employees ;
- (d) employment and unemployment ;
- (e) industrial disputes ; and
- (f) any other matter connected with any economic inquiry which the Provincial Government may, by notification, direct.

(2) The statistics collected under sub-section (1) shall be published in such manner as may be prescribed.

4. *Notice to employer.*—(1) The Director may issue to any employer a notice in such manner as may be prescribed requiring him to furnish information or returns in respect of any of the matters specified in sub-section (1) of section 3.

(2) A person to whom a notice is issued under sub-section (1) shall be legally bound to furnish, within such time as may be prescribed, the information or returns required of him.

5. *Delivery of notice.*—Every notice issued under sub-section (1) of section 4 shall be delivered to the addressee in person and be deemed to have been delivered if it is sent by registered post to the usual or last known place of abode or business of the addressee.

6. *Accessibility to record or document.*—The Director or any person authorized by him in this behalf shall, for the purposes of inquiry into any of the matters specified in sub-section (1) of section 3, have access to any record or document in the custody of an employer.

7. *Power of entry.*—The Director or any person authorized by him in this behalf may, for the purposes of inquiry into any of the matters specified in sub-section (1) of section 3, enter, at any reasonable time between sunrise and sunset, any dwelling, factory, shop or place of business of an employer.

8. *Penalty for refusing to comply with notice, etc.*—Whoever—

- (a) wilfully refuses or neglects to comply with the notice issued under sub-section (1) of section 4 or wilfully gives false information in respect of any matter specified in such notice ; or
- (b) refuses the Director or any person authorized by him to have access under section 6 to any record or document ; or
- (c) refuses the Director or any person authorized by him entry under section 7 into any dwelling, factory, shop or place of business or obstructs such entry ; or
- (d) wilfully refuses to answer to the best of his knowledge or belief any question put to him for the purposes of this Act by the Director or any person authorized by him ;

shall be punished for every such offence with fine which may extend to five hundred rupees.

9. *Restriction on publication of return, etc.*—No return furnished under section 4 or part of such return, and no answer given, by an employer shall, without his previous consent in writing, be published, nor shall any person not engaged in the collection or publication of statistics in respect of any of the matters specified in sub-section (1) of section 3 be permitted to see any such return or part thereof, nor shall any report or summary containing any of the particulars comprised in the return or part thereof be published in such manner as would enable any person to identify any particulars so published as being particulars relating to any person or business.

10. *Penalty for putting offensive or improper question or disclosing information.*—If any person lawfully engaged in the collection or publication of statistics in respect of any of the matters specified in sub-section (1) of section 3—

- (a) puts an offensive or improper question to any person ; or
- (b) discloses any information obtained by him in the performance of his duties ;

he shall be punished for every such offence with simple imprisonment for a term which may extend to six months or with fine which may extend to five hundred rupees or with both :

Provided that nothing in this section shall apply to the disclosure of any information—

- (a) for the purposes of a prosecution under the Indian Penal Code or under this Act ; or
- (b) to any person acting in the execution of this Act where it is necessary to disclose the same to him for the purposes of this Act.

11. *Admissibility of return in evidence.*—Save in the case of a prosecution under this Act, no return furnished in pursuance of the provisions of this Act or the rules made thereunder shall be admissible in evidence in any civil or criminal court or any revenue proceedings.

12. *Previous sanction for prosecutions.*—(1) No prosecution under this Act shall be instituted except with the previous sanction of the Provincial Government.

(2) *Trial of offences.*—No offence punishable under this Act shall be triable except by a Magistrate of the first class.

13. *Rules.*—(1) The Provincial Government may, after previous publication, make rules for the purpose of carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, the Provincial Government may make rules—

- (a) prescribing the particulars to be furnished in relation to any matter in respect of which statistics may be collected under sub-section (1) of section 3 ;
- (b) prescribing the manner in which statistics may be published under sub-section (2) of section 3 ;
- (c) prescribing the manner in which a notice may be issued under sub-section (1) of section 4 ; and
- (d) prescribing the time within which the information or return may be furnished under sub-section (2) of section 4.

STATEMENT OF OBJECTS AND REASONS.

The necessity for legislation “ to bring into existence an all-India system of statistics ” was stressed by the Indian Economic Inquiry Committee of 1925. The Royal Commission on Labour pointed out in 1931 that “ legislation for the collection of statistics regarding the economic condition of the people is now in force in the majority of countries of any industrial importance ” and recommended that “ legislation be adopted, preferably by the Central Legislature, enabling the competent authority to collect information from employers regarding the remuneration, attendance and living conditions (including housing) of industrial labour, from merchants regarding prices, from money-lenders regarding loans to workers and from landlords regarding rentals.”

2. With the growing awakening of labour to its rights and with the increasing demand for Government intervention in trade disputes, it is necessary to have accurate and complete statistics as to the economic conditions of labour and the financial position of industry. Without statutory powers, however, statistics may not be supplied by the persons concerned accurately, punctually or completely. The object of this Bill is to provide that statutory authority, but it is definitely limited in its scope. The persons who will be called upon to supply statistics and the nature of the statistics that may be called for are laid down in clause 4 (1) and clause 3 (1), respectively.

NAGPUR,
The 24th September 1938.

C. J. BHARTKA,
Member in charge.

Copy of letter No. 5111/184C, dated the 14th December 1938, from the Association to the Director of Industries, Central Provinces, Nagpur.

Under instructions from the Committee of the Millowners' Association, I set forth below the Association's considered views on the Central Provinces and Berar Collection of Statistics Bill, 1938.

It has been stated in the Statement of Objects and Reasons appended to the Bill :—

“ With the growing awakening of labour to its rights and with the increasing demand for Government intervention in trade disputes, it is necessary to have accurate and complete statistics as to the economic conditions of labour and the financial position of industry. Without statutory powers, however, statistics may not be supplied by the persons concerned accurately, punctually or completely. The object of this Bill is to provide that statutory authority, but it is definitely limited in its scope.”

My Committee concede the demand for accurate and complete statistics, but they are unable to agree that “ without statutory powers, statistics may not be supplied by the persons concerned accurately, punctually or completely.” So far as my Committee's experience goes, the Bombay Labour Office has, since its inception in 1920-21, conducted at least four comprehensive departmental enquiries into wages alone in the cotton textile industry of the Province and the successful results which were achieved in each case were mostly due to the willing collaboration of employers and their organisations. My Committee have no reason to think that the attitude of employers of the cotton textile industry of your Province will be different if their voluntary co-operation was requisitioned in such matters, and, in any event, the response received from them to the demands for statistical information made by your Provincial Textile Labour Inquiry Committee confirms this view. My Committee have no information regarding the attitude of other employers of your Province, but if your Government are convinced that voluntary co-operation will not be forthcoming from them, then, there is every reason for excluding the cotton textile industry from the scope of such legislation. It must, however, be remembered that an investigation in any of the matters covered by the Bill could only be successfully carried out if the practical and expert knowledge of the employer was freely made available to Government from the very beginning, e.g., from the preparation of the questionnaire or inquiry form to the final stage when the mass of data collected is tabulated and conclusions are drawn, and my Committee strongly feel that this spontaneous co-operation will not be forthcoming if the employers were compelled to submit statistics. In any event, my Committee consider that your Government might take the preliminary step of establishing a Labour Office for the purpose of collecting such statistics as may, from time to time, be found necessary. In this connection, the experience gained by the Bombay Labour Office may, if necessary, be utilised by your Government. If, after the establishment of such an office, Government find themselves unable to obtain the information they require, then, there might be a valid reason for introducing compulsion. Incidentally, it might be pointed out that the employers in the textile industry in India have been submitting on a voluntary basis more statistical data relating to their industry than the employers in even the highly industrialised countries of the West.

In their representation on the Factories Amendment Bill, my Committee stressed the need for the co-ordination of labour legislation in the Provinces. Collection of statistics is another matter in which such co-ordination might lead to the evolution of a standard basis for the collection of statistics, which is very essential if the results attained in one Province are to be compared with those of another. If, in spite of these considerations, your Government decide to proceed with this measure, then my Committee would like to submit the following observations on the detailed provisions of the Bill :—

Clause 2 (iii) and Clause 3 (1) (a).—Clause 2 (iii) makes the Bill applicable only to employers. Clause 3 (1) (a) empowers the Director to collect statistics relating to cost of living. My Committee fail to see how an employer could be expected to have any detailed information about the cost of living of his employees unless the Act is also made applicable to the latter.

Clause 3 (1) (f) is too wide. If compulsion is at all to be introduced, in fairness to the employer, the nature of the statistics for which he is going to be made responsible should be very clearly defined. As it stands, the sub-clause does not appear to rule out the possibility of the employer being compelled to compile and submit statistics regardless of the time and labour involved on all conceivable matters.

Clause 7.—The powers sought to be conferred on the Director or any person authorised by him are unnecessary if, as is proposed in Clause 8, an employer who fails to submit information is to be prosecuted. If an employer is unwilling to furnish the statistics required, then the power to enter his place of dwelling or place of business would serve no useful purpose, as apparently it is not proposed that the Director or any other person utilising these powers should be accompanied by an army of clerks to extract or compile the requisite information from the employer's books.

Clause 8.—The penalty prescribed in this clause should, it is thought, be limited to cases where the employer was unwilling to supply the information. There should be no case for prosecution if the employer is willing, but the inability to supply the data called for arises from the fact that they could not be compiled without detriment to his usual business or that their compilation would involve enormous clerical labour which the employer could not afford in the conditions then existing in his business or occupation.

APPENDIX 50.

THE CENTRAL PROVINCES AND BERAR UNEMPLOYMENT RELIEF BILL, 1938.

A Bill to provide for unemployment relief to workers thrown out of employment from industrial occupations.

Preamble.—Whereas it is expedient to provide for relief or benefits to workers in industrial occupations who are rendered unemployed and consequently destitute ;

It is hereby enacted as follows :—

1. *Short title, extent and commencement.*—(1) This Act may be cited as the Central Provinces and Berar Unemployment Relief Act, 1938 .

(2) It extends to the whole of the Central Provinces and Berar.

(3) It shall apply to all perennial factories coming within the purview of section 2 (j) of the Factories Act, 1934, and to such other factories as the Provincial Government may, by notification, specify.

(4) The Provincial Government may, by notification, extend all or any of the provisions of this Act to any industrial establishment where not less than ten persons are employed throughout the year.

(5) It shall come into force on such date as the Provincial Government may, by notification, appoint :

Provided that such notification shall be issued not later than six months from the date of publication of this Act in the *Gazette*.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

(a) “ employer ” includes an owner, agent, occupier or manager, or any body of persons, whether incorporated or not, or any association of employers of a

factory or mine governed by the Factories Act, 1934, or the Central Provinces Unregulated Factories Act, 1937, or the Indian Mines Act, 1923 ; and, in the case of any industry, business or undertaking carried on by any department of the Provincial Government, means the authority prescribed in this behalf, or where no authority is prescribed, the head of the department ;

- (b) “prescribed ” means prescribed by rules made under this Act ;
- (c) “recognized trade union ” means such labour organization as may be prescribed ;
- (d) “strike ” and “lockout ” shall have the same meanings as are assigned to them under the Trade Disputes Act, 1929 ;
- (e) “worker ” means any person employed in a factory or industrial establishment to which this Act applies ;
- (f) “unemployed ” means a worker who is without employment due to having been discharged on grounds of economy or technical unsuitability for a particular job and registered for suitable employment by a prescribed authority and includes a worker who continues to be without employment for six months or more after the loss of a job for any reason and is registered for suitable employment by a prescribed authority.

3. *Unemployment Relief Fund.*—The Provincial Government shall constitute an Unemployment Relief Fund for the relief of the unemployed and shall prescribe the manner in which and the authorities by whom it shall be managed.

4. *Contribution to the Unemployment Relief Fund.*—(1) Every employer of a factory or industrial establishment to which this Act applies shall pay to the Provincial Government, in such manner as may be prescribed, a contribution equivalent to half anna per day per worker employed by him, which shall be credited to the Unemployment Relief Fund constituted under section 3.

(2) Every employer of a factory or industrial establishment to which this Act applies shall be entitled to deduct from the earnings of each worker employed by him one-quarter anna per day per worker towards the contribution which he (employer) is required to make under sub-section (1).

(3) The Provincial Government shall contribute every year such sum as it may deem fit to the Unemployment Relief Fund constituted under section 3.

5. *Schedule of relief or benefits.*—The Provincial Government shall notify once in every three months the amount available in the Unemployment Relief Fund for payment of relief or benefits to the unemployed.

6. *Payment of relief or benefits.*—The Provincial Government shall prescribe the scale according to which and the conditions under which the unemployed shall be entitled to relief or benefits :

Provided that no relief or benefit shall be payable to any unemployed worker who has refused to accept employment offered by a prescribed authority, except employment in the place of any one involved in a strike or lockout or employment in a distant place involving hardship to his family.

7. *Returns.*—(1) Every employer of a factory or industrial establishment to which this Act applies shall submit to such authority and in such form as may be prescribed annual returns, showing particulars of all posts that fell vacant and were filled up.

(2) A recognized trade union shall be entitled to get copies of such returns on payment of such fees as may be prescribed.

8. *Employment exchanges.*—The Provincial Government may, in consultation with recognized organizations of employers and workers concerned, constitute one or more free public employment exchanges for the purpose of regulating technical training, vocational guidance and recruitment of workers in such manner as may be prescribed.

9. *Retrenchment.*—(1) No employer of a factory or industrial establishment to which this Act applies shall, as a measure of retrenchment, dispense with the services of any of his workers without the concurrence of the recognized trade union concerned and, where such trade union objects to the dispensing with the services of two or more workers, the Provincial Government shall cause an enquiry to be made into all the relevant facts with a view to find out any suitable alternative to retrenchment. Pending the result of such inquiry, no worker shall be removed from service on grounds of economy.

(2) No employer of a factory or industrial establishment to which this Act applies shall, without assigning reasons to the Provincial Government and the recognized trade union concerned, recruit, three months before and three months after the date of retrenchment of any of his staff, any worker to do the same or similar job that was being done by the worker whose services were dispensed with.

10. *Exemption.*—The Provincial Government may, after ascertaining the views of the recognized organizations of employers and workers concerned, grant in any particular case or class of case exemption from any of the provisions of this Act.

11. *Penalty.*—Whoever contravenes the provisions of this Act or the rules made thereunder shall be punishable with a fine which may extend to twenty-five rupees for each offence.

12. *Power to make rules.*—(1) In addition to the power conferred by this Act, the Provincial Government may make rules generally for the purpose of carrying into effect the provisions of this Act.

(2) All rules made under this Act shall be subject to the condition of previous publication.

STATEMENT OF OBJECTS AND REASONS.

Although discharge of workers in the name of economy is frequent, there is no provision whatever for the relief of the unemployed. Moreover free employment exchanges are necessary in order to facilitate the unemployed to secure employment. The facilities offered by the unemployment exchanges may also be availed of by the new industries that may be in need of skilled workers.

NAGPUR,
The 4th August 1938.

V. R. KALAPPA,
Member in charge.

*Copy of letter No. 5129/184C, dated the 15th December 1938, from the Association
to the Director of Industries, Central Provinces and Berar, Nagpur.*

I am directed to set forth below the considered views of the Committee of this Association on the Bill to provide for unemployment relief to workers thrown out of employment from industrial occupations. Before proceeding with their observations on the detailed provisions of the Bill, my Committee would like to refer to certain practical considerations which do not appear to have been given sufficient weight by Government in recommending this measure for legislative sanction. These are :—

- (a) Whether the industry in your Province is in a position to shoulder this responsibility in addition to a minimum wage or a reasonable living wage

standard and any indirect benefits which may be provided for later. My Committee strongly feel that the employer's capacity to contribute to such schemes and also provide for such other indirect benefits like holidays with pay, sickness insurance, etc., which, it is understood, is the key-note of the election pledges of the Congress Government, would mainly depend on the amount of cash wages which he has to distribute. So far as my Committee are aware, in your Province the question of wage levels has only been temporarily settled, and it is probable that it will be renewed as soon as the Bombay Inquiry Committee's Report is out. If this is so, then there exists a strong case for postponing consideration of this Bill till the wage question has been definitely solved.

In this connection, my Committee desire to point out that it will be impossible for the Indian Cotton Textile Industry to maintain wages at the levels now reached. It is true that after a long period of depression, there was a slight improvement in trading conditions in 1937-38, but there are sufficient indications to the effect that this improvement will not be maintained. The prices realisable for standard qualities of cloth are to-day lower than they were in the two preceding years, and judging from the steep drop in prices which has taken place in the case of Japanese goods particularly in the last year and the lack of demand from the chief consuming centres in the country, any immediate improvement in the price position seems to be extremely unlikely. In Bombay Presidency, there have been a decrease in the number of mills, spindles and looms working night shift, an increase in the number of spindles and looms idle, an increase in the stocks held by mills and a decrease in the orders booked by mills, and the cotton mills of your Province should be very much in the same position.

- (b) Whether, in the event of other Provinces not undertaking similar legislation, the Industry in your Province would not be penalised in competing with the manufactures of other Provinces. The answer to this question is obvious, and this brings us to the desirability of co-ordinating labour legislation in the Provinces to which a reference has already been made in my letter in connection with the Factories Amendment Bill.

Coming to the Bill itself, my Committee's chief criticism is that it leaves even some of the most essential features in any scheme of unemployment relief to be covered by the rules, but specific reference will be made to these matters when dealing with the individual Clauses of the Bill.

Clause 1 (3), read in conjunction with *Clause 2 (a)*, limits the application of the Bill to industrial establishments and mines. My Committee on principle object to industrial establishments being singled out in this manner when it is well known that the wages paid and the conditions of service in most industrial establishments compare so favourably with those of manual and agricultural workers.

Clause 2 (c).—Definition of the expression "recognized trade union": It is not clear whether what is referred to is a union recognized by employers or a union recognized by Government. In any event, the question as to the conditions on which unions will be recognized by Government or should be recognized by employers is a matter of first-class importance which must be settled by Government before the Legislature is asked to accept the Clause as it stands. In this connection, my Committee would like to invite the attention of your Government to a representation which they submitted to the Government of Bombay on the 15th October 1937 which sets forth the conditions governing the grant of recognition to trade unions, as also the Government of Bombay's attitude to a Bill introduced some time ago by Mr. S. H. Jhabwala.

Clause 2 (f).—My Committee consider that the proposed relief should be strictly restricted to those types of unemployment which are unavoidable, such as unemployment resulting from the introduction of rationalization or efficiency measures.

Clause 3.—The officer, department or machinery responsible for the administration of the Fund should be defined in the Bill. It might also be provided that the cost of maintaining this department shall be a charge on the revenues of the State and should not be a charge on the Fund.

Clause 4 (3).—The exact share of the contribution by the State to the Fund, apart from the free administration of the Fund, should be specified in the Bill.

Clause 6.—The rate of unemployment relief should also be specified in the Bill at so many rupees per month for every male adult worker, so many rupees per month for every female adult worker and so many rupees for every child, etc.

Clause 7 (2).—I have already referred to recognition of unions in my remarks on Clause 2 (c). Attention might be drawn to the fact that the Bombay Industrial Disputes Act recently passed by the Legislature of our Province does not attempt to restrict the inherent right of employers to impose conditions precedent to recognition of a trade union. This matter of recognition of unions is one of first class importance to employers and has been closely studied by employers' associations throughout India, and my Association could under no circumstances support this legislation unless Clauses 2 (c), 7 (2) and 9 were deleted or suitably amended.

Clause 9 (1) should, in our opinion, be entirely deleted or substantially altered. As matters stand at present, trade unions, run and controlled as they are to-day, might be expected to oppose strenuously the introduction of even the most modest forms of rationalisation or efficiency schemes which might result in the displacement of some workers, even though such schemes gave increased earnings to the remaining workers, and if the Clause were passed as it stands, Government would find themselves in the unfortunate position of having to undertake an elaborate enquiry more often than they appear to realise. In these days of keen competition, if the Industry is to survive, every effort should be made to reduce its cost of production by introducing any reasonable efficiency measures. Of course, with the concurrence of labour, the introduction of such schemes would be facilitated, but until such time as labour recognises the necessity and advantages of rationalisation, employers could not reasonably be expected to postpone the introduction of whatever efficiency schemes might be considered suitable in individual circumstances, and nobody should have any objection to it so long as there is adequate remuneration for the work done.

APPENDIX 51.

PROTECTION TO THE MAGNESIUM CHLORIDE INDUSTRY.

Copy of letter No. 63, dated the 12th January 1938, from the Tariff Board to the Association.

In connection with the enquiry referred to the Tariff Board by the Government of India, Department of Commerce, in their Resolution No. 199-T(1)/37, dated the 18th December, 1937, as to the desirability of continuing measures for the protection of the Magnesium Chloride Industry after the 31st March, 1939, I am directed to forward herewith a copy* of the questionnaire issued by the Board and to say that if your Association wish to express their views on any of the questions or on the effect of the protective duties on magnesium chloride on textile or other industries, they may be forwarded (with 4 spare copies) to the Secretary to the Board at No. 1, Council House Street, Calcutta, not later than the 7th February, 1938.

* Not printed.

Copy of letter No. 472/53, dated the 1st February 1938, from the Association to the Tariff Board, Calcutta.

I am directed to acknowledge the receipt of your letter No. 63, dated the 12th January 1938, and to say in reply that my Committee have no objections to urge against the continuance, at the existing rates, of the protective duties on imported Magnesium Chloride for a reasonable period of time, as a measure of assistance to the indigenous industry.

Copy of letter No. 256, dated the 7th March 1938, from the Tariff Board to the Association.

I am directed to state that the Tariff Board notes that your Association do not propose to tender any oral evidence in connection with the enquiry into the Magnesium Chloride Industry. I am however to point out that in the Appendix to its report of 1929 on the same subject the Board published the attached statements* showing the quantities of various chemicals used in the manufacture of certain cloths. I am to say that the Board would be much obliged if your Association will kindly state at an early date whether they consider these estimates to be reasonable in present conditions and if not, in what respects they require modifications.

Copy of letter No. 1738/53, dated the 7th April 1938, from the Association to the Tariff Board.

I am in receipt of your letter No. 334, dated the 29th March 1938*, and to say that from enquiries made it would appear that the estimates referred to in your letter dated the 7th March 1938, require correction in the following respects :—

- (a) The prices of zinc chloride and magnesium chloride are up by 25 per cent.
- (b) The prices of cloth have since gone down by at least 33½ per cent.

I regret I have not been able to obtain any reliable information regarding the other chemicals referred to in the estimates.

APPENDIX 52.

WHARFAGE CHARGES ON LIQUID GLUCOSE.

Copy of letter EG : DR, dated 12th January 1938, from the Corn Products Company (India), Limited, to the Association.

With reference to our telephone conversation of a few days ago regarding the increase in the scale of Port Trust charges on Liquid Glucose, I have gone through my office records and find that we are supplying Glucose regularly to 38 mills who will be affected by the increase in price we have been compelled to make as a result of our increased clearing expenses.

The wharfage on Liquid Glucose used to be Rs. 1-2 plus 8½ per cent. per barrel, but with effect from the 1st January, this rate has been raised to 6 annas plus 8½ per cent. per cwt. gross. As the weight of a barrel is roughly 7 cwt., this means that the Port Trust charges have been more than doubled and the contents of a barrel being 710 lbs., the increase works out at just over 4 annas per cwt. Prior to this increase Glucose was priced at Rs. 10-10 per cwt. so that the increase of 4 annas represents quite an appreciable percentage.

* Not printed.

I am sending in to the Port Trust authorities a protest on behalf of my Company. Enclosed is a copy of my letter for your information. However, a representation from an official body, especially one representing the interests of an important local industry, would undoubtedly receive a more attentive hearing. I trust therefore that the particulars I have given will enable your Association to take up the matter with the Port Trust and press for a reversion to the former level of charges.

Copy of letter EG : DR, dated the 12th January 1938, from the Corn Products Co., (India), Ltd., Bombay, to the Trustees of the Port of Bombay.

As the first and largest importers of Liquid Glucose into India, we beg to invite your kind attention to the heavy increase brought about in the wharfage rate payable on this commodity as from the 1st January this year.

Until the end of 1937 the rate per barrel had been Rs. 1-2 plus $8\frac{1}{2}$ per cent. or Rs. 1-3-6. The gross weight of a barrel being approximately 7 cwts., on the basis of the new rate of 6 annas plus $8\frac{1}{2}$ per cent., per cwt. wharfage per barrel amounts to Rs. 2-13-6 or an increase of 133 per cent. over the previous rate. Each barrel contains about $6\frac{1}{2}$ cwts. so that the increase in wharfage represents an increase of just over 4 annas per cwt. in the cost of Glucose.

We are selling approximately half of our imports of glucose to the cotton mills where the product is used as a sizing ingredient. We have already had a series of complaints from the local mills as the result of the increase in price we have been compelled to enforce to compensate the extra cost of wharfage. We understand that the cotton textile industry is looked upon as of the utmost importance to this country and is given, as a matter of policy, every possible facility and support from official quarters. Any increase which can be avoided in the cost of the raw materials of the industry would constitute a departure from this policy.

The remainder of our imports of Liquid Glucose is sold to confectionery manufacturers as Glucose must be used in conjunction with cane sugar for hard boiled sweets. The effect of the use of Glucose is to improve the keeping qualities of the finished sweets and to increase very considerably their wholesomeness and nutritive value. The use of Glucose in sweet manufacture is therefore a practice which is beneficial to the community as a whole. The financial interests of the confectionery manufacturers, however, dictate that the amount of Glucose they use must be lessened as the disparity between the prices of cane sugar and glucose increases.

The increase in local wharfage charges, if maintained, will keep us entirely out of the market in such important centres as Secunderabad and Cawnpore, Delhi, Ajmere and other stations to which railway freight from Bombay is about the same as from Madras, Calcutta or Karachi, all ports at which the wharfage dues on Glucose are considerably less.

In conclusion, we should mention for your guidance that the price of Liquid Glucose is now between Rs. 10-8 and Rs. 11 per cwt. nett so that an increase of 4 annas per cwt. is a very appreciable one. The former wharfage rate of Rs. 1-3-6 per barrel, working out at 3 annas per cwt., was more in line with the wharfage charged on other commodities of a similar nature and approximately equal value.

It is our hope therefore that you will be prepared to review the question of the wharfage rate on Liquid Glucose and to reinstate, if possible, the rate which was in force until the end of 1937.

Copy of letter No. 507/40, dated the 3rd February 1938, from the Association to Messrs. Corn Products Co. (India), Ltd., Bombay.

With reference to the correspondence resting with your letter No. E.G. : DR. dated the 12th January 1938, I have pleasure in forwarding herewith copy of a representation submitted by the Association to the Secretary, Bombay Port Trust, in connection with the increase in wharfage charges on Liquid Glucose.

Copy of letter No. 503/40, dated 3rd February 1938, from the Association to the Board of Trustees to the Port of Bombay.

The Committee of the Association understand that with effect from 1st January 1938, the wharfage rates applicable to certain commodities were increased and as a result, Cotton Mills in the Province have to pay wharfage on Liquid Glucose at the rate of Rs. 2-13-6 per barrel as against Rs. 1-3-6 which was the rate applicable up to the end of 1937. The increase works out at about 133 per cent. over the previous rate or 4 annas per cwt. in the cost of Glucose. As you are aware, the bulk of Liquid Glucose imported into this country is consumed in Cotton Mills where the product is used as a sizing ingredient, and the increase in wharfage rate, therefore, constitutes a direct charge on the Cotton Mill Industry. So far as my Committee are aware, neither the improved state of the Port Trust finances nor the reductions made in the wharfage rates applicable to certain other commodities justifies an increase in the new wharfage rates imposed on Liquid Glucose. On the other hand, in view of the continued depression in the Textile Industry, there appears to be a very strong case in favour of a reduction in its burdens. In the circumstances, my Committee earnestly hope that the Trustees will kindly reconsider the position.

Copy of letter No. 486, dated the 15th February 1938, from the Bombay Port Trust to the Association.

With reference to your letter No. 503/40, dated 3rd February 1938, I am directed to say that some misapprehension existed, after the issue of the new edition of the Docks Scale of Rates introduced on 1st January this year, regarding docks wharfage on glucose.

Only glucose packed in cases, small tin containers or bottles—that is, ordinarily used for confectionery or medicinal preparations—is charged wharfage under item No. 888 of the Docks Scale of Rates at six annas per cwt. ; glucose packed in bags, barrels, drums and kegs, whether in solid or liquid form and imported for sizing purposes, is charged wharfage at Rs. 3 per ton under item No. 472 of the Scale. This latter is the rate that was in force before 1st January last.

The Docks Manager has made the position clear by a Docks Circular dated 26th January last, and by letters addressed to Importers and Mills who had expressed a similar apprehension that the Port Trust charges had been increased.

APPENDIX 53.

PAYMENT OF BROKERAGE BY BOMBAY MILLS.

Copy of letter dated the 30th October 1938, from the Bombay Country Fancy and Grey Piecegoods Merchants' Association to the Association.

Our attention has been drawn to the fact that at present there is no uniform system or scale of brokerage, observed by the Mills and their Selling Agents, for paying to the Brokers concerned in effecting the Sales. Different percentages are in vogue and this amount too is not given at the time of receiving the relative payment, but a long time thereafter, at the will or convenience of the Mills or their Selling Agents. This has been causing great inconvenience and difficulties to the brokers or the parties concerned.

Under the circumstances, we are to suggest that the present practice should be replaced and a uniform practice should be recommended for observance by all alike, viz., of granting the amount of brokerage to be deducted at the very time when payment is received by the Mills and their Selling Agents, so as to obviate the above difficulties.

We hope our suggestion would be found acceptable and you will do the needful for enabling the same being observed by the members of your Association.

Copy of letter No. 4842/257, dated the 28th November 1938, from the Association to the Bombay Country Fancy and Grey Piecegoods Merchants' Association.

I am directed to acknowledge the receipt of your letter dated the 30th October 1938. Briefly stated, you suggest that a uniform scale of brokerage should be introduced in the Bombay Cotton Mill Industry and that brokers should be paid for as and when the Selling Agents receive payment from the buyers for the goods sold. Your suggestions have been carefully considered by my Committee, and in regard to the first point raised by you, I am to point out that, in the conditions which exist in the industry, standardization of brokerage rates presents considerable difficulties. My Committee, therefore, regret their inability to do anything in this connection, but, on the other point, they feel that brokers should ordinarily be able to receive their dues from the Selling Agents when the buyers have paid for and taken delivery of the goods and all outstanding points, if any, arising out of any particular contract have been settled.

Copy of letter, dated the 22nd December 1938, from the Bombay Country Fancy and Grey Piecegoods Merchants' Association to the Association.

We have to acknowledge the receipt of your letter No. 4842/257 of 1938, dated the 28th ultimo, on the above subject.

We note that in the opinion of your Committee the question of fixing a uniform scale of brokerage presents considerable difficulties owing to the present conditions of the Industry. As soon as, however, the possibility arises, the matter should be taken in hand and brokerage rates should be standardized.

Regarding the payment of the brokerage dues, such payment is often delayed, sometimes for months, before they are actually received by the parties entitled. As a matter of fact, when payment is made to the Sellers, brokerage accrues immediately and there should be no objection in handing over the same, without waiting for any probable future outstanding point, that might or might not arise. This delay in making the payment for the brokerage dues often is a cause of great inconvenience and harassment to the Broker concerned, and hence our submission for a uniform practice to be observed by all alike, without making it dependent on any future contingency. We hope your Committee will appreciate the point and do the needful.

Copy of letter No. 5296/257, dated the 27th December 1938, from the Association to the Bombay Country Fancy and Grey Piecegoods Merchants' Association.

I am directed to acknowledge the receipt of your letter dated the 22nd December 1938, on the above subject, and to forward herewith copy of a recommendation made by the Association to member mills in the City and Island of Bombay regarding the payment of brokerage on piecegoods contracts.

Copy of letter No. 5289/257, dated the 28th December 1938, from the Association to all Members of the Association in the City and Island of Bombay.

A representation has been received by the Committee of the Association from the Bombay Country Fancy and Grey Piecegoods Merchants' Association, Bombay, in which it is pointed out that brokerage due to their brokers is not actually paid by Selling Agents even though the buyers have taken delivery of and paid for the goods sold.

The Committee of the Association see no reason why, in ordinary circumstances, the payment of brokerage should be unnecessarily delayed, and they recommend that member mills might instruct their Selling Agents to pay the brokerage due to their brokers on a contract, when the buyer has paid for and taken delivery of the goods and when all outstanding points arising out of the contract have been settled.

APPENDIX 54.

PROPOSED AMENDMENT OF SCHEDULE "H" TO THE CITY OF BOMBAY MUNICIPAL ACT, 1888.

Copy of letter No. S108/15354-A, dated the 31st October 1938, from the Secretary to the Government of Bombay, General Department, to the Association.

I am directed to forward herewith a copy of a letter from the Mayor of Bombay, No. 3680, dated the 17th August 1938, and accompaniment, regarding proposals made by the Bombay Municipal Corporation for the amendment of Schedule "H" of the City of Bombay Municipal Act, 1888, and request that you will be so good as to favour Government at an early date with the views of the Association on the proposal.

Copy of letter No. 3680, dated the 17th August 1938, from the Mayor, Municipal Corporation, Bombay, to the Secretary to the Government of Bombay, General Department.

I have the honour, by desire of the Municipal Corporation of Bombay, to address Government as follows for an amendment of Schedule H to the City of Bombay Municipal Act, 1888, pertaining to articles liable to payment of town duties.

2. In my predecessor's letter No. 4376, dated the 18th August 1937, Government have already been approached with a request to undertake legislation for an amendment of Schedule H to the Municipal Act, so as to include therein several new items and to revise the maximum rates of duty leviable on Beer, Wines and spirits. Simultaneously with their acceptance of the proposals to revise Schedule H as communicated to Government in the aforesaid letter, the Corporation had requested the Municipal Commissioner to submit further proposals to levy Town Duty *inter alia* on "tinned provisions."

3. In submitting his report to the Corporation on the subject, the Commissioner states that the term "tinned provisions" is very vague and would exclude various articles of provisions not imported in tins. He is, therefore, of opinion that it is advisable to specify as far as possible the articles on which town duties are proposed to be levied and to add a generic clause to the list to cover unspecified ones. He accordingly suggests the following articles on which town duty may be levied and adds that the maximum rate of duty be fixed at one anna per lb. :—

(1) Bacon and Hams ; (2) Butter (including canned) ; (3) Canned, bottled, etc., fruits ; (4) Tinned, canned, etc., fish ; (5) Cheese (including canned) ; (6) Confectionery ; (7) Jams and Jellies ; (8) Milk condensed and preserved including milk cream ; (9) Milk foods for infants and invalids ; (10) other sorts of farinaceous foods ; (11) Pickles ; (12) Cocoa and chocolates ; (13) Biscuits and cakes ; (14) Lard ; (15) Fruit juices and other beverages and (16) Other canned, bottled, etc., food and drink provisions not otherwise specified.

He also forwards a statement showing the quantity imported, quantity consumed in the City, revenue likely to be accrued and the incidence of taxation per head of the consumer (*vide* Appendix A).* He explains that the average quantity of import of these articles is based on the figures of import for the last three years. Figures of export of these articles are not available. The duty proposed at 1 anna per lb. works out at Rs. 7 per cwt. and some of it is likely to be absorbed by the trade. The Municipal Commissioner estimates that the proceeds from the duty will come to Rs. 3,70,958 but the net revenue will be about Rs. 3½ lakhs as Rs. 20,000 will have to be paid to the collecting agencies as commission. Taking the number of consumers of these articles at 2,00,000, the incidence of taxation per head of the consumer shows that the rate of duty is not at all heavy.

4. The Commissioner's proposals were carefully scrutinised by the Law, Revenue and General Purposes Committee of the Corporation and on the recommendation of that Committee the Corporation has also approved of the same with the exception of the proposal

* Not printed

to levy town duty on "milk foods for infants and invalids" mentioned in the printed list and estimated to yield a revenue of Rs. 5,705, as the Corporation believe that a town duty on these articles would tend to increase their price making it thereby prohibitive for the poor to purchase them for the benefit of their under-nourished children.

5. I am now desired by the Corporation to request that while undertaking legislation to give effect to the Corporation's proposals embodied in paragraph 4 of my predecessor's letter mentioned in para. 2 above, Government will be pleased to include in those proposals the articles mentioned in the accompanying list (*vide* Appendix B) and fix the minimum rate of town duty to be levied on each of the articles at one anna per lb.

APPENDIX B.

List of foreign "tinned provisions" proposed by the Corporation for Town Duty with the anticipated realization from such duties.

Serial No.	Name of article.	Quantity imported in cwts.	Quantity consumed in the City in cwts. including the quantity on which no refund would be admissible.	Rate of Town Duty per lb.	Revenue to the Municipality in Rupees.	Incidence of taxation per head of the consumer.
				Rs. a. p.		Rs. a. p.
1	Bacon and Hams ..	5,328	3,196	0 1 0	22,372	0 1 2
2	Butter (including canned) .	1,515	909	0 1 0	6,363	0 0 4
3	Canned, bottled, etc., fruits	10,685	6,411	0 1 0	44,877	0 2 5
4	Tinned, canned, etc., fish ..	2,573	1,544	0 1 0	10,808	0 0 7
5	Cheese (including canned) .	3,464	2,078	0 1 0	14,546	0 0 9
6	Confectionery	11,036	6,622	0 1 0	46,354	0 2 6
7	Jams and Jellies	5,544	3,326	0 1 0	23,282	0 1 3
8	Milk condensed and preserved including milk cream	8,532	5,119	0 1 0	35,833	0 1 11
9	Other sorts of farinaceous foods	8,249	4,945	0 1 0	34,615	0 1 10
10	Pickles	1,548	929	0 1 0	6,503	0 0 4
11	Cocoa and Chocolates ..	1,075	645	0 1 0	4,515	0 0 3
12	Biscuits and Cakes ..	9,000	5,400	0 1 0	37,800	0 2 0
13	Lard	64	38	0 1 0	266	..
14	Fruit Juices and other beverages	2,293	1,376	0 1 0	9,632	0 0 6
15	Other canned, bottled, etc., food and drink provisions not otherwise specified	16,069	9,641	0 1 0	67,487	0 3 7
	Total ..	86,975	52,179	..	3,65,253	..

Copy of letter No. 4769/256, dated the 22nd November 1938, from the Association to the Secretary to the Government of Bombay, General Department, Bombay.

I am directed to acknowledge the receipt of your letter No. S/108/15354-A, dated the 31st October 1938, in which you request my Committee to express an opinion on certain amendments proposed in Schedule H of the City of Bombay Municipal Act, 1888. My Committee are emphatically opposed to any further extension of Schedule H of the Municipal Act. Their objection, it may be pointed out, is based on certain practical considerations which were set forth in my letter No. 4553/204, dated the 30th November 1937, and they have to add nothing to the views expressed in that letter.

APPENDIX 55.

DEFINITION OF READY DELIVERY CONTRACTS IN STOCKS AND SHARES.

Copy of letter No. 2902-D, dated the 7th/11th April 1938, from the Secretary to the Government of Bombay, Finance Department, to the Association.

I am directed to invite reference to paragraph 72 (2) of the Stock Exchange Inquiry Committee's Report, which is as follows :—

“(2) ‘Ready delivery contract’ has been defined in this Act as ‘a contract for the purchase or sale of securities for performance of which no time is specified and which is to be performed immediately or within a reasonable time.’ The question of the reasonable time is in each particular case a question of fact. It is evident that this is a very vague definition inasmuch as it lays down no definite time for the completion of the contract. This facilitates evasion and vitiates any rules the Association might draft to define ‘ready delivery bargain.’ We suggest, therefore, that the Act should be amended so as to make ‘ready delivery contract’ mean a contract which must be implemented by the actual delivery of and payment for the security specified in such contract on any business day not later than the seventh day from the date of the original contract.”

The Native Share and Stock Brokers' Association, while agreeing entirely that the existing definition of ‘ready delivery contract’ is unsatisfactory, consider that the amendment proposed by the Stock Exchange Inquiry Committee does not go far enough. Their view is that if any period is fixed for the settlement of ready delivery contracts, forward business will continue under the guise of ready delivery, and the present evil will not be remedied. They propose, therefore, the following definition of a ready delivery contract :

“ ‘Ready delivery contract’ means a contract for the purchase or sale of securities for delivery and payment on the business day next following the date of the contract.”

2. The subject is one of considerable importance as it involves the distinction to be drawn between ready delivery and forward transactions and thus affects the whole question of Government control over forward trading in stocks and shares. Government are provisionally inclined to the view that the amendment proposed by the Stock Exchange Inquiry Committee is not adequate and that, in order that control over forward trading may be effective, a definition on the lines suggested by the Stock Brokers' Association may be necessary. Before deciding the matter, however, they would like to have the views of commercial associations and banks in Bombay, and I am accordingly directed to request that the views of your Association on this question may be communicated as early as possible.

Copy of letter No. 2070/129, dated the 4th May 1938, from the Association to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 2902-D, dated the 11th April 1938, in which a reference is invited to paragraph 72 (2) of the Stock Exchange Inquiry Committee's Report in which it was suggested that the Bombay Securities Contracts Control Act, 1925, should be amended so as to make ‘ready delivery contract’ mean a contract which must be implemented by the actual delivery of and payment for the securities specified in such contract on any business day not later than the seventh day from the date of the original contract. It was further stated in your letter that the Native Share and Stock Brokers' Association agreed that the existing definition of “ready delivery contract” was unsatisfactory, but that the amendment proposed by the Stock Exchange Inquiry Committee did not, in their opinion, go far enough in view of the fact that if any period was fixed for the settlement of ready delivery contracts, forward business would continue under the guise of ready delivery. The Native Share and Stock Brokers' Association, therefore, proposed that

a 'ready delivery contract' should be defined as a contract for the purchase or sale of securities for delivery and payment on the business day next following the date of the contract.

My Committee have given this matter their very careful consideration and have also had the opportunity of perusing a representation submitted to Government in this matter by the Indian Stock Exchange Ltd., and it is their considered view that the acceptance of the definition suggested by the Native Share and Stock Brokers' Association would create great practical difficulties, whenever transactions involved parties not actually resident and available in Bombay at the actual time when ready transaction was put through. At the same time, my Committee do not agree with the view expressed by the Indian Stock Exchange Ltd., that there is absolutely no necessity for fixing by statute the period of delivery and payment for a ready delivery contract and that the existing definition of such a contract in the Bombay Securities Contracts Control Act, 1925, is wholesome and proper. My Committee hold that the recommendations of the Morrison Committee constitute an appropriate *via media*, and suggest that their definition of 'ready delivery contract' should be adopted and the Bombay Securities Contracts Control Act amended accordingly.

APPENDIX 56.

WORKMEN'S COMPENSATION INSURANCE.

HOSPITAL EXPENSES OF WORKERS.

Copy of letter No. 408/7, dated the 16th May 1938, from the Bombay Accident Insurance Association to the Association.

I am directed to enclose copies of letters exchanged between this Association and the Commissioner for Workmen's Compensation, Bombay, for your information.

Apart from the difficulty of assessing the undefined liability sought to be imposed on Insurance Companies, the cost of which would possibly be reflected by an increase in rates of premium, it will doubtless be appreciated that the acceptance of the Commissioner's suggestion by the Members of this Association would in effect imply the acceptance by Employers insured with them of an additional liability not imposed by Statute.

The final paragraph of the Commissioner's letter, to which my Committee have thought it inadvisable to reply, is recommended to the careful consideration of your Committee.

Copy of letter No. C.O.1671, dated the 13th April 1938, from the Commissioner for Workmen's Compensation, Bombay, to the Bombay Accident Insurance Association.

A case has arisen at Ahmedabad where a workman who was injured had to pay Rs. 21 hospital charges, which, both the employer and the Insurance Company concerned have refused to pay. There appears to be no legal liability on the employer to pay such charges; while, presumably, your Members only insure the legal liability under the Workmen's Compensation Act. The policy of Government in the past few years has been to require hospital patients to pay according to their means for hospital treatment and, as you are aware, employers who send their employees to hospital are made liable for certain fees for the maintenance of the employees.

2. I think it may be fairly argued that hospital treatment, especially early attendance on a casualty, is directly beneficial to the Insurance Companies as, by curing a patient or reducing the severity of his injuries, hospital or other medical treatment substantially

reduces the insurer's liability. The same arguments apply in the case of an employer who does not insure and I think it is only reasonable that the workers' medical charges should be paid. I should be glad, therefore, if your Association could give the matter their consideration in order to see whether it would not be possible to arrange to pay for hospital or other legitimate medical charges which have been incurred by the workman on the authority, expressed or implied, of his employer.

3. It would, of course, be possible under the powers now possessed by the local Government to provide for this by legislation, but it does not seem either necessary or desirable to make a small matter of this kind the subject of a statute.

Copy of letter No. 408/5, dated the 16th May 1938, from the Bombay Accident Insurance Association to the Commissioner for Workmen's Compensation, Bombay.

I am directed to refer to your letter No. C.O.1671, dated the 13th April 1938, and to confirm that the policies issued by Members of this Association indemnify the insured employer against his liability to pay compensation under the Workmen's Compensation Act, 1923, and subsequent amendments to date, the Indian Fatal Accidents Act, 1855, or at Common Law.

My Committee have given careful consideration to your suggestion that the Members of this Association should add to the indemnity granted by their policies provision for the payment of hospital or other medical charges which have been incurred by the workman on the authority, expressed or implied, of his employer and I am directed to express my Committee's regret that they are unable to recommend any departure from the established principle of indemnity as above defined.

Copy of letter No. 2777/181, dated the 29th June 1938, from the Association to the Bombay Accident Insurance Association.

I am directed to acknowledge the receipt of your letter No. 408/7, dated the 16th May 1938, in which you draw the attention of the Association to a suggestion made by the Commissioner for Workmen's Compensation, Bombay, that employers, or Insurance Companies on their behalf, should agree to meet hospital and other medical charges incurred by a workman on the authority, expressed or implied, of his employers.

My Committee have examined the correspondence which has passed between the Commissioner for Workmen's Compensation and your Association in this connection, in conjunction with the Board of Directors of the Millowners' Mutual Insurance Association Ltd., and they entirely agree in principle with the view put forward by the Bombay Accident Insurance Association that employers should not be called upon to undertake liability for any charges other than those devolving under the Workmen's Compensation Act, the Indian Fatal Accidents Act or at common law, and that any attempt to depart from the established practice in this regard must be resisted.

Copy of letter No. 1600, dated the 6th July 1938, from the Millowners' Mutual Insurance Association, Ltd., to the Association.

The policy of Government in the past few years has been to require hospital patients to pay according to their means for hospital treatment and employers who send their employees to hospitals are made liable for certain fees for their treatment and maintenance in hospital. It is admitted that there is no legal liability on the employer to pay such charges.

It has been suggested by the Commissioner for Workmen's Compensation that insurance companies undertaking the insurance of Workmen's Compensation risks should pay for hospital or other legitimate medical charges which have been incurred by the workman on the authority, expressed or implied, of his employer.

The Board of Directors, after due consideration of the subject, is of the opinion that insurance of members' risks under the Workmen's Compensation Act covers only their liability to pay compensation to the workman and does not cover any other expenses incurred by the workman for treatment and/or maintenance in hospital or for treatment by private medical practitioners. The adoption of the Commissioner's suggestion would, in the opinion of the Board, imply the acceptance of an additional liability not imposed by statute and the extension of the well-established principle of indemnifying the employer against his liability to pay compensation only for injuries to the workman arising out of and in the course of his employment.

The Board, therefore, regrets to have to inform members of its inability to admit any liability to indemnify them against such charges under the terms and conditions of the Policy issued by the Association.

Copy of letter No. 1976, dated the 11th August 1938, from the Millowners' Mutual Insurance Association, Ltd., to the Association.

I am directed to refer to this office circular No. 1600, dated 6th July, and to say that the question of this Association indemnifying member mills for hospital fees payable by them on account of the treatment and maintenance of their employees in Government Hospitals was again considered by the Board on the representation submitted by a member of the Association.

The Board of Directors maintains that this Association is not liable, under the terms and conditions of the Policy of insurance issued to member mills, to indemnify them against any claims other than those for compensation under the Workmen's Compensation Act. The Board is, however, of the opinion that the Association might undertake, *ex gratia*, to reimburse member mills the fees which they may have to pay for the treatment and maintenance of their employees in Government Hospitals.

I am directed by the Board to add that it reserves to itself the right to withdraw this concession if it thinks it necessary to do so.

APPENDIX 57.

PROPOSED INTRODUCTION OF THE ELECTIVE PRINCIPLE INTO APPOINTMENTS TO THE INDIAN ACCOUNTANCY BOARD.

Copy of letter No. 9-A (3)/37, dated the 2nd June 1938, from the Deputy Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to invite your attention to section 144 (2A) (e) of the Indian Companies Act, 1913 (VII of 1913) and to the rules contained in Part III of the Auditor's Certificates Rules, 1932, and to address you on the question of the introduction of the elective principle into appointments to the Indian Accountancy Board.

2. The ultimate object of the Government of India in appointing the Indian Accountancy Board was to set up an organization which in course of time would develop into an autonomous association of accountants able to assume complete responsibility for the qualification and conduct of its members. When the amendment of the Indian Companies Act, which brought into being the Indian Accountancy Board, was considered in the Select Committee of the Legislative Assembly, the opinion was recorded that the first members of the Board should be nominated by the Governor-General in Council for a fixed period but that on reconstitution, the Board should contain a progressively increasing elected element. The first Board, accordingly, consisted entirely of nominated members. At the time of

appointment of non-official members for the second term of the Board, the Government of India carefully considered the question of introducing the elective principle in constituting the Board, but came to the conclusion that the stage had not arrived which would justify the introduction of that principle. The Board, during its second term also, therefore, consisted of purely nominated members. The second term was due to expire on the 1st April 1938, and in connection with the selection of members for the third term, the question again came up for consideration. The Provincial Governments who were consulted in the matter were all agreed that the time was ripe for such a step. The matter was also placed before the Board itself at its meeting held in December 1937 and was discussed at length. A resolution was ultimately adopted recommending that the second term of the Board should be extended by one year and that meanwhile a draft scheme for the introduction of the elective principle into appointments to the Board should be circulated for eliciting public opinion. The Board's recommendations have been accepted by the Central Government, who have therefore drawn up a tentative scheme, whose main features are explained in the enclosed memorandum. The scheme has been drawn up in order to facilitate discussion but I am to add that the Central Government are not committed in any way regarding the manner of nomination except that they wish to nominate one member to represent business interests in each of the four territorial constituencies. It is requested that any observations which you may wish to offer on this scheme may be communicated by the 15th September 1938, at the latest.

SCHEME FOR THE INTRODUCTION OF ELECTIVE PRINCIPLE INTO APPOINTMENTS TO THE INDIAN ACCOUNTANCY BOARD.

Rule 49 of the Auditor's Certificates Rules lays down that the Indian Accountancy Board shall consist of not less than fifteen and not more than twenty members appointed by the Central Government. Two members shall be persons in the service of Government and of the remainder not less than two-thirds shall be professional accountants. The twenty seats on the Board are proposed primarily to be distributed as follows :—

Persons in the service of Government	2
Representatives of business	4
Professional Accountants	12
To redress any inequalities	2
	20

Persons in the service of Government and representatives of business will be nominated by the Central Government. The professional accountants will be all elected.

2. For the purpose of election, India will be divided into the following four territorial constituencies :—

- (1) Bengal (including Assam and Orissa).
- (2) Bombay (including Rajputana and Ajmer-Merwara).
- (3) Madras (including Cochin, Mysore and Hyderabad States).
- (4) Other Areas (i.e., United Provinces, Punjab, Central Provinces and Berar, Bihar, North West Frontier Province, Sind and Delhi).

The allotment of seats to the various constituencies will be as indicated in the statement* appended to this memorandum. The number of seats allotted to a constituency is based roughly on the number of Registered Accountants in that constituency.

3. Only Approved Accountants will be eligible for election to the Board.

4. Each Registered Accountant will have one vote, and if he has offices in more than one province, he will be allowed to vote only in the province in which he is registered with the Central Government.

5. There will be no separate electorate for any class of Accountants.

* Not printed

Copy of letter No. 3071/167, dated the 20th July 1938, from the Association to the Deputy Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 9-A (3)/37 dated the 2nd June 1938, in which you request my Committee to express an opinion on a scheme for the introduction of the elective principle into appointments to the Indian Accountancy Board. My Committee have carefully considered the scheme, and I am to say that the proposals made seem to be, on the whole, on right lines. There is, however, one observation which they would like to make in connection with the reservation of seats. In the enclosure to the memorandum, my Committee note that in Bengal and Bombay a special seat has been reserved for a European Chartered Accountant. My Committee feel that reservation on a communal basis should, as far as possible, be avoided, and they would like to suggest that the seat should be reserved for a British trained Chartered Accountant.

APPENDIX 58.

ACCIDENTS THROUGH FLYING SHUTTLES IN COTTON MILLS.

Copy of letter No. 2435/G, dated the 30th December 1937, from the Millowners' Mutual Insurance Association, Limited, to the Association.

I am directed by the Board of Directors to address you with regard to the incidence of accidents caused by flying shuttles in member mills :—

The following table shows the number of accidents from flying shuttles in member mills during the last three years :—

Year.	No. of accidents.		Percentage (2) : (1)	No. of accidents.		Percentage (4) : (3)
	Total (1)	Due to flying shuttles. (2)		In Wvg. Shed. (3)	Due to flying shuttles. (4)	
1934 (Calendar)	5,313	246	4.6	1,608	246	15.3
1935-36	7,088	313	4.4	2,017	313	15.5
1936-37	8,759	398	4.5	2,619	398	15.2

It will be seen that the average percentage of ' flying shuttle ' to all accidents remains constant at 4.5 and is as high as 15.3 of accidents in the weaving shed for the last three years.

The Board consider the position disclosed by these figures to be grave and feel that some action should be taken to remedy the evil.

It is, therefore, suggested that the matter be placed before your Managers' Sub-Committee or that, in the alternative, the attention of Safety Committees in mills might be drawn to the danger of such accidents with a view to their recommending such action as they may deem necessary to minimise these accidents.

Copy of letter No. 1653/39, dated the 2nd April 1938, from the Association to the Millowners' Mutual Insurance Association, Ltd., Bombay.

I am directed to acknowledge the receipt of your letter, No. 2435/G, dated the 30th December 1937, drawing attention to the high incidence of accidents caused by flying shuttles in the Weaving Sheds of Cotton Mills.

The matter was carefully examined by the Committee of this Association in conjunction with the Labour and Technical Advisory (Managers) Sub-Committee, and I enclose herewith for your information copy of a circular letter which has been issued to all members of the Association in this connection.

Copy of letter No. 1643/39, dated the 4th April 1938, from the Association to all Members of the Association.

I enclose herewith for your information copy of a letter received from the Millowners' Mutual Insurance Association, Limited, drawing attention to the high incidence of accidents caused by flying shuttles in the Weaving Sheds of Cotton Mills.

The matter was carefully examined by the Committee of the Association in conjunction with the Labour and Technical Advisory (Managers) Sub-Committee, and in view of the fact that the advantages, both from the point of view of accident prevention and cost of maintenance, appear to lie in favour of the Bar type of loom guards, they commend the desirability of all mills substituting the Bar type of loom guards for the hook type as and when replacements become necessary.

APPENDIX 59.

PROPOSED INTRODUCTION OF "BUSINESS REPLY TELEGRAMS" IN INDIA.

Copy of letter No. T-102/37, dated the 21st October 1938, from the Director-General of Posts and Telegraphs, to the Secretary, All Chambers of Commerce and Trades Associations and other Commercial bodies.

I am directed to forward herewith for your information a brief description of the new system of "Business Reply Telegrams" which is in use in England, and which system is proposed to be introduced in India, if it is so desired by large manufacturing and commercial bodies. The Director-General will be much obliged if you kindly elicit the opinion of your Association as to whether a progressive system of this kind will not serve the requirements and interests of the business public by increasing sales of commodities, etc., and favour him with his views.

BUSINESS REPLY TELEGRAMS FOR QUICK MARKETS.

Enclose Business Reply Telegrams with your Letters.

Get your Orders by Telegraph.

Many firms successfully carrying on mail order business know and appreciate the value of the Post Office Business Reply Card and Envelope Service—a service which is recognised as an excellent means of encouraging replies and eliminating waste postage expenditure on unused reply cards.

If you deal in a commodity requiring quick marketing it will pay you to consider the potentialities of a similar service—the Business Reply Telegram—as a means of bringing you enquiries and orders quickly. With the coming of the Six-penny Telegram, the cost of the Business Reply Telegram has been practically halved. The minimum charge has been reduced from 1s. to 6d. Further, the registration fee has been abolished and the accounting arrangements greatly simplified.

There are few more potent means of compelling attention or ensuring and speeding up a reply than a telegram, particularly when it costs your client nothing. It may be worth your while therefore to look into the possibility of enclosing a Business Reply Telegram with circulars or sales letters, or if you prefer it, simply providing your prospective customers with Business Reply Telegram forms (singly or made up as a folder) with your advertisement printed on the back of the forms. The Business Reply Telegram is a direct inducement to your clients and customers to get into touch with you without delay. You pay only for those telegrams that you receive.

Business Reply Telegrams are bringing orders to fish, fruit, vegetable and other produce merchants ; motor car agents use them for arranging demonstration runs ; wholesale tailors use them for speeding up orders for materials and made-up goods, and hotel proprietors for getting reservations for accommodation. A finance house makes extensive use of the service for accelerating replies to credit reference enquiries. In similar ways many firms use it as an aid to the efficiency of their office machinery.

Would the Business Reply Telegram not be equally useful and profitable in your own business ?

HOW TO BECOME A BRT USER.

1. Register at your Head Post Office as a user of the service—this will cost you nothing.
2. Ask for a supply of the special Business Reply Telegram forms. They cost 2s. 6d. per 1,000 or £1 1s. 0d. for 10,000. A specimen of the type of form used will be found in the pocket on the back cover of this booklet.
3. Print, or insert by rubber stamp, in large clear characters in the spaces provided on the forms :—
 - (a) After the identifying code word BRT, the telegraphic or full address to which the telegram is to be delivered.
 - (b) The accounting code reference allotted when you register as a user of the service.
 - (c) The maximum amount you are prepared to pay on each telegram, e.g., 6d. or as much more as you desire. If the reply is expected to be a lengthy one, you may wish to insert more than 6d. You will only be charged for the *number of words transmitted* ; if the cost exceeds the amount you show on the form the excess will be collected by the Post Office from the sender.
 - (d) The limit of time during which the form may remain valid. This period should be not more than three months from the date on which you issue the form to your client.

Copy of letter No. 4766/261, dated the 21st November 1938, from the Association to the Director-General of Posts and Telegraphs, New Delhi.

I am directed to acknowledge the receipt of your letter No. T-102/37, dated the 21st October 1938, in which you request my Committee to express an opinion on a proposal to introduce business reply telegrams in this country. This matter has been carefully considered by my Committee and I am to say that the proposal meets with their approval. At the same time, my Committee desire me to express the hope that the introduction of business reply telegrams would be accompanied by a reduction in telegraph charges. In the United Kingdom the minimum charge for a business telegram appears to be 6d., and it is thought that the minimum charge for a similar telegram in this country should be reduced to Ans. 6 for 12 words.

APPENDIX 60.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

DEPARTMENT OF COMMERCIAL INTELLIGENCE AND STATISTICS, INDIA.

INDIAN CUSTOMS TARIFF.

(Also issued as a Supplement to the Indian Trade Journal of 13th July, 1939.)

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 27th May, 1939), showing the rates of Customs duties levied on goods imported into, and exported from, British India, together with (1) the tariff values fixed for certain articles under Government of India, Commerce Department, Notification No. 73-T. (10)/38, dated the 17th December, 1938, for the purpose of assessment of Customs duties during the twelve months January to December, 1939. (2) the rates of Excise duties leviable on articles produced or manufactured in British India, and (3) the rates of Differential and Countervailing import duties leviable on goods imported from Burma.

Note 1.—In the expression *ad valorem* used in these Schedules the reference is to “real value” as defined in section 30 of the Sea Customs Act, 1878 (VIII of 1878), unless an article has a tariff value assigned to it.

Note 2.—Tariff-valued heads are based on the ordinary trade description of each article and cover all reduced grades and mixtures unless they are separately provided for.

Note 3.—In this publication, the expression “standard rate of duty” means, in the case of articles liable to preferential rates of duty, the standard rate of duty as opposed to the preferential rate, and in the case of other articles, the ordinary rate of duty.

Note 4.—Postal parcels, packets and letters on whose contents the total duty payable is not more than 12 annas, are exempt from payment of import duty.

Note 5.—The expression “Far East” covers China, Japan, the Straits Settlements, Malaya, Siam, French Indo-China, the Netherlands East Indies and other Far Eastern Countries. For the purposes of this publication it is intended also to cover Ceylon.

THE FIRST SCHEDULE.—IMPORT TARIFF.

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION I.						
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM.						
1	ANIMALS, LIVING, all sorts .. .. .	.....	Free .. .. .	.....	.....	.....
2	BACON AND HAM, not canned or bottled ..	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
3	FISH, not otherwise specified	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
3(1)	FISH, SALTED, wet	Revenue ..	Such rate or rates of duty not exceeding one rupee per Indian maund of 82 2/7 lbs. avoirdupois weight as the Central Government may, by notification in the <i>Official Gazette</i> from time to time prescribe,* plus 6½ per cent. <i>ad valorem</i>.	.....	.....	.....
Tariff values— Per Indian maund. Rs. a. p. (i) Soormai 6 0 0 (ii) Bangdas 3 4 0 (iii) All other sorts 6 4 0						
3(2)	FISH, SALTED, dry	Revenue ..	15 per cent. <i>ad valorem</i>.	.....	.....	.....
3(3)	FISH, UNSALTED, dry	Preferential revenue.	30 per cent. <i>ad valorem</i>.	.....	20 per cent. <i>ad valorem</i>.	.....
Tariff value— Per cwt. Rs. a. p. Bomlas 5 0 0						

* The rate on the 27th May, 1939, and until further notice is annas 9½ per maund of 82 2/7 lbs. avoirdupois.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION I— <i>contd.</i>						
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM— <i>contd.</i>						
3(4)	FISHMAWS, including singally and sozille and sharkfins.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Sharkfins, loose or in bundles from Arabian and Persian Gulf ports.	Per cwt. Rs. a. p. 4 8 0				
	Sharkfins, loose or in bundles from China and the Straits.	Per lb. 3 8 0				
4	BUTTER, CHEESE AND GHEE	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Butter	Per lb. Rs. a. p. 0 14 6				
	Ghee	Per cwt. 42 0 0				
4(1)	MILK,* condensed or preserved, including milk cream.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
5	CORAL, unprepared	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
5(1)	COWRIES AND SHELLS	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
		Per thousand. Rs. a. p.				
	Chunks—					
	Sound live	88 0 0				
	Sound dead	55 8 0				
	Other sorts	13 0 0				
		Per cwt.				
	Cowries, bazar, common	4 14 0				
	Cowries, yellow, superior quality.	6 2 0				
	Cowries, mottled, commonly known as Zillab, Tiger and similar other qualities.	6 0 0				
	Cowries, Maldiva	15 8 0				
	Cowries, Sankhli	86 0 0				
	Mother-o'-pearl, nacre	20 0 0				
	Nakhla	150 0 0				
		Per lb.				
	Tortoise-shell	8 2 0				
	Tortoise-shell, nakh	1 14 0				
5(2)	IVORY, unmanufactured.. .. .	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
		Per cwt. Rs. a. p.				
	Elephants' grinders	300 0 0				
	Elephants' tusks (other than hollows, centres, and points), each exceeding 20 lb. in weight, and hollows, centres, and points each weighing 10 lb. and over.	450 0 0				
	Elephants' tusks (other than hollows, centres, and points), not less than 10 lb. and not exceeding 20 lb. each, and hollows, centres, and points each weighing less than 10 lb.	380 0 0				
	Elephants' tusks each less than 10 lb. (other than hollows, centres, and points).	160 0 0				
	Sea-cow or moye teeth, each not less than 4 lb.	275 0 0				
	Sea-cow or moye teeth, each not less than 3 lb. and under 4 lb.	220 0 0				
	Sea-cow or moye teeth, each less than 3 lb.	130 0 0				
SECTION II.						
PRODUCTS OF THE VEGETABLE KINGDOM.						
6	PLANTS, LIVING, not otherwise specified .. .. .	....	Free .. .. .	....	....	....
6(1)	RUBBER STUMPS .. .. .	....	Free .. .. .	....	....	....
7	VEGETABLES, all sorts, fresh, dried, salted or preserved, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
		Per cwt. Rs. a. p.				
	Garlic	6 0 0				
	Potatoes	5 1 0				
8	FRUITS, all sorts, fresh, dried, salted or preserved, not otherwise specified.†	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, dried skim milk, that is to say, dried milk powder containing not more than 4 per cent. of fat and no added ingredients, is exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, raw cashew-nuts are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II— <i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM— <i>contd.</i>						
Tariff values—		Per cwt. Rs. a. p.				
Almonds—						
(i) Without shell		70 0 0				
(ii) In the shell—						
(a) Iranian Kagazi		50 0 0				
(b) Iranian other than Kagazi.		11 0 0				
(c) Other than Iranian—						
(1) Soft shell including half-hard shell qualities such as Prunelle and the like.		31 8 0				
(2) Hard shell		19 4 0				
Cashew or cajoo kernels, not skinned.		20 0 0				
Coconuts, Straits, Dutch East Indies and Siam—		Per thousand. Rs. a. p.				
Husked		56 0 0				
Unhusked		60 0 0				
Coconuts, Ceylon		41 0 0				
Coconuts, other except Maldives.		21 0 0				
Dates, dry, in bags—		Per cwt. Rs. a. p.				
Kapkapa, Shekra Chharra, Chupchap, Sakina and Brami.		8 0 0				
All other qualities		5 0 0				
Dates, wet, in bags, baskets and bundles.		2 9 0				
Dates, wet, packed in other receptacles.		8 0 0				
Figs, dried, Iranian		6 0 0				
Figs, dried, European		13 4 0				
Pistachio nuts		60 0 0				
Raisins, red, Persian Gulf		9 0 0				
8(1)	CURRENTS	Revenue	Re. 1-4 per cwt. ..	....	....	....
9	COFFEE, not otherwise specified	Preferential revenue.	25 per cent. <i>ad valorem</i> plus one anna per pound.	....	25 per cent. <i>ad valorem</i>.	....
9(1)	COFFEE, canned or bottled	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
9(2)	TEA	Preferential revenue.	Five annas per pound..	....	Three annas per pound.	....
9(3)	THE FOLLOWING SPICES, whether ground or unground, namely :— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper.	Preferential revenue.	45 per cent. <i>ad valorem</i>.	....	37½ per cent. <i>ad valorem</i>.	....
Tariff values—		Per cwt. Rs. a. p.				
Spices, unground—						
Cardamom seed		45 0 0				
Cassia lignea		12 8 0				
Cloves		50 0 0				
Cloves, exhausted		12 8 0				
Cloves stems and heads		10 8 0				
Nutmegs		Per lb. 0 6 6				
Nutmegs in shell		0 4 0				
Pepper, black		Per cwt. 13 4 0				
Pepper, long		17 12 0				
Pepper, white		25 0 0				
9(4)	THE FOLLOWING UNGROUND SPICES, namely :— Chillies, ginger and mace	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	22½ per cent. <i>ad valorem</i>.	....
Tariff values—		Per cwt. Rs. a. p.				
Ginger, dry, unground		21 0 0				
Mace, unground		Per lb. 1 2 0				
9(5)	BETELNUTS	Preferential revenue.	45 per cent. <i>ad valorem</i>.	....	37½ per cent. <i>ad valorem</i>.	....
Tariff values—		Per cwt. Rs. a. p.				
Betelnuts (husked)—						
Whole from Straits, Dutch East Indies and Siam.		9 4 0				
Whole from Goa		12 0 0				
Whole from Ceylon		11 4 0				

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of	Duration of protective rates of duty.
				The United Kingdom.	A British Colony.
SECTION II—contd.					
PRODUCTS OF THE VEGETABLE KINGDOM—contd.					
Tariff values—					
	Split from Straits, Dutch East Indies and Siam—	Per cwt.			
	(a) Mature	Rs. a. p.			
	(b) Immature	10 0 0			
	Split from Ceylon—				
	(a) Mature	9 0 0			
	(b) Immature	19 0 0			
	Sliced all sorts	14 8 0			
	All other sorts	9 0 0			
9(6)	VANILLA BEANS	Revenue	25 per cent. <i>ad valorem</i>.	....	....
10	GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour.	....	Free .. ..	....	....
10(1)	WHEAT*	Protective	Re. 1-8 per cwt. ..	....	March 31st 1940.
10(2)	BROKEN RICE	Protective	Twelve annas per Indian maund of 82 2/7 lbs. avoirdupois weight.	....	March 31st 1940.
11	FLOUR, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....
11(1)	WHEAT FLOUR	Protective	Re. 1-8 per cwt. ..	....	March 31st, 1940.
11(2)	SAGO FLOUR .. ..	....	Free .. ..	....	....
11(3)	SAGO, TAPIOCA AND TAPIOCA FLOUR	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i> .
Tariff values—					
	Cassava, Tapioca or Sago	Per cwt. Rs. a. p.			
	Cassava or Tapioca flour	7 0 0			
		5 12 0			
11(4)	STARCH AND FARINA	Revenue	15 per cent. <i>ad valorem</i>.	....	....
12	SEEDS, all sorts, not otherwise specified ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....
12(1)	OILSEEDS, imported into British India by sea from the territories of any Prince or Chief in India.	....	Free .. ..	....	....
12(2)	OILSEEDS, non-essential, all sorts not otherwise specified, including copra or coconut kernel.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i> .
Tariff value—					
	Copra or coconut kernel	Per cwt. Rs. a. p.			
		8 4 0			
12(3)	RUBBER SEEDS .. ..	....	Free .. ..	....	....
12(4)	HOPS .. ..	....	Free .. ..	....	....
12(5)	FODDER, bran and pollards	Revenue	2½ per cent. <i>ad valorem</i>.	....	....
13	DYEING AND TANNING SUBSTANCES, all sorts, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....
Tariff values—					
	Cochineal	Per lb. Rs. a. p.			
		1 5 0			
	Gallnuts	Per cwt. 31 0 0			
13(1)	BARKS FOR TANNING .. ..	....	Free .. ..	....	....
13(2)	CUTCH AND GAMBIER, all sorts	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i> .
Tariff values—					
	Gambier, cube	Per cwt. Rs. a. p.			
	Gambier in flakes or circular pieces.	15 0 0			
		33 0 0			
13(3)	GUMS, RESINS AND LAC, all sorts not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....
Tariff values—					
	Gum olibanum or frankincense	Per cwt. Rs. a. p.			
	Gum Iranian (false)	9 4 0			
	Myrrh	9 0 0			
		25 0 0			
13(4)	GUMS, Arabic, Benjamin (ras and cowrie) and Dammer (including unrefined batu) and rosin.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i> .
Tariff values—					
	Dammer batu, unrefined	Per cwt. Rs. a. p.			
	Acacian gums, other than ground, including gum Arabic, gum Senegal and gum African.	5 0 0			
		18 0 0			

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, wheat imported by or on behalf of any person who is engaged in milling flour for export is exempt from payment of import duty, provided that such person, before clearance of the wheat for consumption or from bond, as the case may be, has produced documentary evidence to the satisfaction of the Customs Collector that he has entered into a contract to sell a quantity of wheat flour representing 87 per cent. of the quantity of wheat imported in respect of which exemption is claimed and that the said wheat flour is to be shipped to a destination outside India before a date specified in the contract.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom.	A British Colony.	
SECTION II—contd.						
PRODUCTS OF THE VEGETABLE KINGDOM—concl.						
Tariff values—						
				Per cwt.		
				Rs. a. p.		
	Gum Benjamin, ras			20 0 0		
	Gum Benjamin, cowrie (excluding pure cowrie).			35 0 0		
	Gum Dammer (or Copal)			25 0 0		
13(5)	STICK OR SEED LAC		Free			
13(6)	OPIUM	Revenue ..	Rs. 30 per seer of 80 tolas or 18½ per cent. ad valorem, whichever is higher.			
13(7)	CINCHONA BARK		Free			
14	CANES AND RATTANS	Revenue ..	25 per cent. ad valorem.			
Tariff values—						
				Per 100 Pieces.		
				Rs. a. p.		
	Canes—					
	Malacca			29 0 0		
	Chimity			9 8 0		
	Tries			5 8 0		
	Root moonah			25 0 0		
	Mannu			22 0 0		
	Polo, all kinds—					
	Not exceeding 10 feet in length.			40 0 0		
	Exceeding 10 feet in length ..			47 0 0		
				Per cwt.		
				Rs. a. p.		
	Tohite			14 0 0		
	Rattans—					
	Chair			16 0 0		
	Basket			8 0 0		
	Outers			40 0 0		
	Inners			25 0 0		
SECTION III.						
FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS; WAXES OF ANIMAL OR VEGETABLE ORIGIN.						
15	ALL SORTS OF STEARINE, WAX, GREASE AND ANIMAL FAT NOT OTHERWISE SPECIFIED ..	Revenue ..	25 per cent. ad valorem.			
Tariff values—						
				Per lb.		
				Rs. a. p.		
	Lubricating grease			0 3 6		
	Petroleum jelly, white			0 5 0		
	Petroleum jelly, all other sorts ..			0 2 6		
15(1)	LARD, not canned or bottled	Revenue ..	25 per cent. ad valorem.			
15(2)	BEESWAX	Revenue ..	25 per cent. ad valorem.			
15(3)	TALLOW		Free			
15(4)	FISH OIL including whale oil not otherwise specified.	Revenue ..	25 per cent. ad valorem.			
15(5)	FISH OIL AND WHALE OIL, hardened or hydrogenated.	Revenue ..	Rs. 10 per cwt. ..			
15(6)	VEGETABLE NON-ESSENTIAL OILS not otherwise specified.	Preferential revenue.	35 per cent. ad valorem.		25 per cent. ad valorem.	
15(7)	THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed.*	Preferential revenue.	35 per cent. ad valorem.		25 per cent. ad valorem.	
Tariff values—						
				Per cwt.		
				Rs. a. p.		
	Coconut oil			11 8 0		
				Per Imperial gallon.		
	Linseed oil, raw or boiled			2 4 0		
15(8)	ALL SORTS OF ANIMAL OILS not otherwise specified.	Revenue ..	25 per cent. ad valorem.			
SECTION IV.						
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO.						
16	CANNED OR BOTTLED BACON, ham and lard ..	Revenue ..	25 per cent. ad valorem.			
16(1)	FISH, canned	Revenue ..	25 per cent. ad valorem.			
16(2)	ISINGLASS, canned or bottled	Revenue ..	25 per cent. ad valorem.			

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, the duty leviable on linseed oil at the standard rate is 25 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION IV--contd.					
	PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO--contd.					
17	SUGAR, excluding confectionery	Protective ..	The rate at which excise duty is for the time being leviable on sugar, other than <i>khandsari</i> or palmyra sugar, produced in British India * plus Rs. 6-12 per cwt.	....	....	March 31st, 1941.
17(1)	Molasses	Revenue ..	31½ per cent. <i>ad valorem</i>.	....	....	....
17(2)	CONFECTIONERY	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
17(3)	SUGAR-CANDY	Revenue ..	Rs. 10-8 per cwt. ..	....	....	....
18	COCOA AND CHOCOLATE other than confectionery.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
19	BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per cwt. Rs. a. p. †Vermicelli, flour, from the 16 12 0 Far East. †Vermicelli, peas, from the 19 0 0 Far East. †Vermicelli, rice, from the 15 8 0 Far East. †The tariff values given in this item apply also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below.					
20	VEGETABLE PRODUCT, JAMS, JELLIES, PICKLES, CHUTNIES, SAUCES AND CONDIMENTS, canned or bottled.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i> Per lb. Rs. a. p. Vegetable product (excluding hardened coconut oil). 0 8 0					
20(1)	FRUIT JUICES	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
20(2)	FRUITS AND VEGETABLES, canned or bottled..	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i> Per case of 4 doz. Rs. a. p. China canned fruit 10 8 0 Per case of 48 tins of 1½ lbs. each. Preserved pine-apples from 5 12 0 the Far East.					
21	CANNED OR BOTTLED PROVISIONS, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per box of six large or twelve small jars. Rs. a. p. China preserves in syrup .. 5 8 0 Per lb. †China preserves, dry, candied. 0 2 6 †The tariff value given in this item applies also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below. N.B.—For other tariff values under this item see those marked with § under Item No. 21(1) below.					
21(1)	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per cwt. Rs. a. p. Cocum 6 0 0 Per lb. Vegetable product (excluding hardened coconut oil), not canned or bottled. 0 4 6 Per cwt. §Yeast, from the Far East .. 15 0 0 §The tariff value given in this item applies also to imports assessed to duty as canned or bottled provisions under Item No. 21 above. N.B.—For other tariff values under this item see those marked with † and § under Items Nos. 19 and 21 above.					

* The rate of excise duty on the 27th May 1939, and until further notice, on sugar, other than *khandsari* or palmyra sugar, produced in any factory in British India and either issued out of, or used within, such factory is Rs. 2 per cwt. The rate of excise duty on *khandsari* sugar produced in any factory in British India and issued out of such factory is eight annas per cwt.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IV— <i>contd.</i>						
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO— <i>contd.</i>						
21(2)	ALL SORTS OF FOOD not otherwise specified ..	Revenue	.. 25 per cent. <i>ad valorem</i>.	....	....	....
22	ALL SORTS OF DRINK not otherwise specified..	Revenue	.. 25 per cent. <i>ad valorem</i>.	....	....	....
*22(1)	.....	....	....	....	....	....
22(2)	ALE, BEER, PORTER, CIDER AND OTHER FERMENED LIQUORS—					
	(a) In barrels or other containers containing 27 oz. or more.	Revenue	.. Fifteen annas per Imperial gallon.	....	....	....
	(b) In bottles containing less than 27 oz. but not less than 20 oz.	Revenue	.. Two annas and six pies per bottle.	....	....	....
	(c) In bottles containing less than 13½ oz. but not less than 10 oz.	Revenue	.. One anna and three pies per bottle.	....	....	....
	(d) In bottles containing less than 6½ oz. but not less than 5 oz.	Revenue	.. Seven and half pies per bottle.	....	....	....
	(e) In other containers†	Revenue	.. Re. 1-4 per Imperial gallon.	....	....	....
22(3)	WINES, not containing more than 42 per cent. of proof spirit—					
	(a) Champagne and other sparkling wines..	Revenue	.. Rs. 13-2 per Imperial gallon.	....	....	....
	(b) Other sorts	Revenue	.. Rs. 7-8 per Imperial gallon.	....	....	....
22(4)	SPIRITS (other than denatured spirit)—					
	(a) Brandy, gin, whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit.	Revenue	.. Rs. 37-8 per Imperial gallon of the strength of London proof.	....	....	....
	(b) Liqueurs, cordials, mixtures and other preparations containing spirit not otherwise specified—					
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Revenue	.. Rs. 50 per Imperial gallon.	....	....	....
	(ii) not so entered	Revenue	.. Rs. 37-8 per Imperial gallon of the strength of London proof.	....	....	....
	PROVIDED THAT—					
	(a) the duty on any article included in this item shall in no case be less than the duty which would be charged if the article were liable to a duty of 25 per cent. <i>ad valorem</i> ;					
	(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.					
22(5)	SPIRITS—					
	(a) Bitters—					
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 50 per Imperial gallon.	....	Rs. 45 per Imperial gallon.	....
	(ii) not so entered	Preferential revenue.	Rs. 37-8 per Imperial gallon of the strength of London proof.	....	Rs. 33-12 per Imperial gallon of the strength of London proof.	....
	(b) Drugs and medicines containing spirit—					
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 40 per Imperial gallon.	Rs. 36 per Imperial gallon.	Rs. 36 per Imperial gallon.	....
	(ii) not so entered	Preferential revenue.	Rs. 29 per Imperial gallon of the strength of London proof.	Rs. 26 per Imperial gallon of the strength of London proof.	Rs. 26 per Imperial gallon of the strength of London proof.	....

* There is no entry bearing Item No. 22 (1).

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION IV—concl.					
	PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—concl.					
	(c) Perfumed spirits	Revenue ..	Rs. 60 per Imperial gallon.	....	....	....
	(d) Rum	Preferential revenue.	Rs. 37-8 per Imperial gallon of the strength of London proof.	....	Rs. 33-12 per Imperial gallon of the strength of London proof.	....
	PROVIDED THAT—					
	(a) on any article chargeable under this item with the lower rate of duty, the duty levied shall in no case be less than 20 per cent. <i>ad valorem</i> , and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 30 per cent. <i>ad valorem</i> ;					
	(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.					
22(6)	DENATURED SPIRIT Tariff value— Per Imperial gallon. Rs. a. p. Spirits from Java denatured before clearance. 0 12 0	Revenue ..	9½ per cent. <i>ad valorem</i>.	....	....	....
22(7)	VINEGAR IN CASKS	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
23	OILCAKES	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
24	TOBACCO, manufactured, not otherwise specified.	Revenue ..	Rs. 3-12 per lb. ..	....	....	....
24(1)	CIGARS	Revenue ..	112½ per cent. <i>ad valorem</i>.	....	....	....
24(2)	CIGARETTES	Revenue ..	25 per cent. <i>ad valorem</i> and in addition either Rs. 8-2 per thousand or Rs. 3-4 per lb., whichever is higher.	....	....	....
24(3)	TOBACCO, unmanufactured*	Preferential revenue.	Rs. 3-4 per lb. . . .	....	Rs. 2-12 per lb.	....
	SECTION V.					
	MINERAL PRODUCTS.					
25	CHINA CLAY .. .. .	....	Free .. .. .	....	....	....
25(1)	SALT, excluding salt exempted under Item No. 25 (2).	Revenue ..	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.†	....	....	....
25(2)	SALT IMPORTED INTO BRITISH INDIA AND ISSUED, in accordance with rules made with the previous sanction of the Central Government for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Central Government to manufacturers of glazed stoneware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Central Government for use in curing fish in those provinces.	....	Free .. .. .	....	....	....
25(3)	THE FOLLOWING BUILDING AND ENGINEERING MATERIALS, namely, chalk, lime and clay.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
25(4)	CEMENT not otherwise specified	Preferential revenue.	30 per cent. <i>ad valorem</i>	20 per cent. <i>ad valorem</i>.	....	....
25(5)	PORTLAND CEMENT excluding white Portland cement.	Revenue ..	Rs. 13-12 per ton ..	....	....	....
25(6)	STONE prepared as for road metalling .. .. .	....	Free .. .. .	....	....	....
25(7)	MARBLE AND STONE not otherwise specified†..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, tobacco leaf for the manufacture of cigars when proved to have been imported for use in a cigar factory is liable to duty at Rs. 2 per lb. (standard) and Re. 1-8 per lb. (preferential).

† The rate of excise duty on the 27th May 1939, and until further notice is Re. 1-9-0 per maund of 82 2/7 lbs. avoirdupois.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, sandstone is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION V—concl. MINERAL PRODUCTS—concl.					
26	METALLIC ORES, all sorts except ochres and other pigment ores.	....	Free .. ..	....	....	....
27	COAL, COKE AND PATENT FUEL	Revenue ..	Ten annas per ton ..	....	....	....
27(1)	ASPHALT	Preferential revenue.	25 per cent. <i>ad valorem</i>.	....	15 per cent. <i>ad valorem</i>.	....
27(2)	PITCH AND TAR <i>Tariff values—</i> Per cwt. Rs. a. p. Coal pitch 3 0 0 Stockholm pitch 12 0 0	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
27(3)	ALL SORTS OF MINERAL OILS not otherwise specified. <i>Tariff values—</i> Per Imperial gallon. Rs. a. p. Mineral Colza oil 0 12 0 Transformer oil, including transil and switch oil, other than that assessed to duty under the proviso to Item No. 72 (3) of the First Schedule of the Indian Tariff Act, 1934. 1 8 0	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
27(4)	KEROSENE; *also any mineral oil other than kerosene and motor spirit which has its flashing point below one hundred degrees of Fahrenheit's thermometer by Abel's close test.	Revenue ..	Three annas and nine pies per Imperial gallon.	....	....	....
27(5)	MINERAL OIL, not included in Item No. 27 (4) or Item No. 27 (6) which is suitable for use as an illuminant in wick lamps.	Revenue ..	Three annas and nine pies per Imperial gallon.	....	....	....
27(6)	MOTOR SPIRIT†	Revenue ..	Ten annas per Imperial gallon.	....	....	....
27(7)	MINERAL OIL— (a) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is ordinarily used for the batching of jute or other fibre; (b) which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, is not suitable for use as an illuminant in wick lamps, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes. <i>Tariff value—</i> Per ton. Rs. a. p. Mineral oil which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes, if imported naked in bulk. 36 0 0	Revenue .. Revenue ..	Rs. 15-10 per ton .. 12½ per cent. <i>ad valorem</i>.	.... ....	.... ....	.... ....
27(8)	LUBRICATING OIL, that is, oil such as is not ordinarily used for any other purpose than lubrication, excluding any mineral oil which has its flashing point below two hundred degrees of the Fahrenheit thermometer by Abel's close test.	Revenue ..	Two annas and one pie per Imperial gallon.	..	....	....
	SECTION VI. CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS.					
28	CHEMICALS, DRUGS AND MEDICINES, all sorts not otherwise specified.‡ <i>Tariff values—</i> Per cwt. Rs. a. p. Alkali, Indian (sajji-khar) .. 3 0 0 Ammonium carbonate or bicarbonate. 16 4 0	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....

* The rate of excise duty on the 27th May 1939, and until further notice, on all kerosene produced in a manufactory in British India is 2 annas and 9½ pies per Imperial gallon.

† The rate of excise duty on the 27th May 1939, and until further notice, on all motor spirit produced in a manufactory in British India is 10 annas per Imperial gallon.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, calcium acetate and radium salts are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI— <i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>						
Tariff values—						
	Ammonium chloride—	Per cwt.				
	Muriate of ammonia, crystalline.	Rs. a. p.				
	Salammoniac, sublimed ..	25 0 0				
	Other sorts, including compressed.	19 0 0				
	Calcium chloride	4 0 0				
	Carbonic acid gas including compressed or liquified gas.	Per lb.				
	Chlorine	0 3 6				
	Copper sulphate	0 4 9				
	Menthol (peppermint) crystals.	Per cwt.				
	Soda, caustic, flake or petal ..	15 12 0				
	Soda, caustic, powdered ..	Per oz.				
	Soda, caustic, solid	0 7 9				
	Soda crystals	Per cwt.				
	Sodium hydrosulphite ..	10 0 0				
	Sodium sulphide	10 4 0				
	Sodium thiosulphate (Hypo) ..	6 2 0				
	Trona or natural soda uncalcined.	10 4 0				
	Banslochan (bamboo camphor), crude.	Per lb.				
	Calumba root	1 4 0				
	China root (Chobchini) rough.	Per cwt.				
	China root (Chobchini) scraped.	10 0 0				
	Cubebs	9 0 0				
	Galangal	16 0 0				
	Salep	37 8 0				
		10 0 0				
		130 0 0				
V.B.—The tariff valuations apply to articles packed in containers of not less than 14 lbs. except in the case of menthol (peppermint) crystals; the tariff valuation for the latter applies to all menthol in containers of $\frac{1}{2}$ oz. and above.						
28(1)	BLEACHING PASTE AND BLEACHING POWDER ..	....	Free .. ..	....	....	....
28(2)	COPPERAS, green (ferrous sulphate)	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
28(3)	SULPHUR .. ..	....	Free .. ..	....	....	....
28(4)	SODA ASH, including calcined natural soda and manufactured sesqui-carbonates.	Preferential revenue.	25 per cent. <i>ad valorem</i>.	....	15 per cent. <i>ad valorem</i>.	....
Tariff value—						
	Soda ash including calcined natural soda and manufactured sesqui-carbonates.	Per cwt.				
		Rs. a. p.				
		4 8 0				
N.B.—The Tariff valuation applies to articles packed in containers of not less than 14 lbs.						
28(5)	HEAVY CHEMICALS, the following, namely:—					
	Magnesium chloride	Protective ..	Twelve annas per cwt. or 25 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1946.
28(6)	THE FOLLOWING CHEMICALS, namely:—					
	(a) Alum (ammonia alum, potash alum and soda alum).	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-6 per cwt., whichever is higher.	....	....	....
	(b) Magnesium sulphate or hydrated magnesium sulphate.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-4 per cwt., whichever is higher.	....	....	....
28(7)	THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, liquid gold for glass making, selenium, and uranium oxide.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
28(8)	THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES, namely, acetic, carbolic, citric, hydrochloric, nitric, oxalic, sulphuric, tartaric and other acids, anhydrous ammonia, naphthalene, potassium bichromate, potassium chlorate, potassium cyanide and other potassium compounds, bicarbonate of soda, borax, sodium bichromate, sodium cyanide, sodium silicate, arsenic, calcium carbide, glycerine, lead, magnesium and zinc compounds not otherwise specified, aloes, asafoetida, cocaine, sarsaparilla and storax.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI— <i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>						
<i>Tariff values—</i>						
		Rs. a. p.				
		Per lb.				
	Acetic acid	0 3 3				
	Ammonia gas, anhydrous, including compressed or liquified gas.	0 10 0				
		Per cwt.				
	Arsenic (China mansil) ..	34 0 0				
	Borax, granular, powdered or crystalline.	11 0 0				
	Boric acid	18 4 0				
	Calcium carbide	11 8 0				
	Caustic potash other than electrolyte.	20 8 0				
	Chlorate of potash	19 0 0				
	Naphthalene balls	15 0 0				
	Oxalic acid	33 8 0				
	Potassium bichromate ..	26 12 0				
	Sodium bicarbonate	4 8 0				
	Sodium bichromate	25 0 0				
	Sodium silicate (in liquid form).	6 0 0				
	Tartaric acid	68 0 0				
	Asafoetida, coarse (hingra) ..	33 8 0				
N.B.—The tariff valuations apply to articles packed in containers of not less than 14 lbs.						
28(9)	SACCHARINE (except in tablets) and such other substances as the Central Government may, by notification in the <i>Official Gazette</i> , declare to be of a like nature or use to saccharine.	Revenue	Rs. 6-4 per lb. . . . .	....	....	....
28(10)	SACCHARINE TABLETS	Revenue	18½ per cent. <i>ad valorem</i> or Rs. 6-4 per pound of saccharine contents, whichever is higher.	....	....	....
28(11)	ALKALOIDS OF OPIUM AND THEIR DERIVATIVES.	Revenue	Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher.	....	....	....
28(12)	ALKALOIDS EXTRACTED FROM CINCHONA BARK including Quinine and alkaloids derived from other sources which are chemically identical with alkaloids extracted from Cinchona Bark.	....	Free .. .. .	....	....	....
28(13)	ANTI PLAGUE SERUM .. .. .	....	Free .. .. .	....	....	....
28(14)	TOILET REQUISITES not otherwise specified ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
29	CINEMATOGRAPH FILMS, not exposed	Revenue	20 per cent. <i>ad valorem</i>.	....	....	....
29(1)	CINEMATOGRAPH FILMS, exposed	Revenue	37½ per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff values—</i>						
		Rs. a. p.				
		Per foot.				
	Exposed standard positive films, new or used—					
	Feature films	0 7 0				
	Other films	0 3 0				
30	PAINTS, COLOURS AND PAINTERS' MATERIALS, all sorts not otherwise specified, including paints, solutions and compositions containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
<i>Tariff values</i>						
		Rs. a. p.				
		Per cwt.				
	Cuttle fish bone	6 12 0				
		Per lb.				
	Gamboge	1 0 0				
	Vermilion from China ..	2 12 0				
30(1)	DYES DERIVED FROM COAL-TAR, AND COAL-TAR DERIVATIVES, used in any dyeing process.	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
<i>Tariff values</i>						
		Rs. a. p.				
		Per cwt.				
	Alizarine, moist					
	(a) not exceeding 16 per cent.	55 0 0				
	(b) over 16 per cent. not exceeding 20 per cent.	63 0 0				
	(c) exceeding 20 per cent...	118 0 0				
	Alizarine, dry—					
	(a) not exceeding 40 per cent.	1 12 0				
	(b) exceeding 40 per cent...	3 0 0				
	Congo red	0 9 0				

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION VI—<i>contd.</i> CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i> <i>Tariff values—</i> Coupling dyes of the naphthol group— (a) Naphthols Rs. a. p. (b) Rapid fast colours (rapid salts). 2 11 0 (c) Bases 6 8 6 (d) Other salts 2 6 0 					

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION VI—<i>contd.</i>					
	CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>					
31(1)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i> Per lb. Rs. a. p. Citronella oil, natural, from the Far East. 1 0 0					
31(2)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, gajupatti, camphor, cloves, eucalyptus, lavender, lemon, otto-rose and peppermint.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per lb. Rs. a. p. Gajupatti oil, natural, from the Far East. 1 8 0 §Peppermint oil, natural from the Far East. 3 6 0 §The tariff value applies to peppermint oil packed in containers of more than 1 oz.					
31(3)	ESSENTIAL OILS, synthetic	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
31(4)	CAMPHOR	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per lb. Rs. a. p. Camphor, synthetic— (a) powder 1 2 0 (b) in slabs and tablets .. 1 6 0 Camphor, other than synthetic— (a) powder 1 3 0 (b) in slabs and tablets .. 1 7 0					
31(5)	PERFUMERY, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	...
	<i>Tariff values—</i> Per cwt. Rs. a. p. Gowla, husked and unhusked 85 0 0 Kapurkachri (Zedoary) .. 14 10 0 Patch leaves (patchouli) .. 15 8 0 Rose-flowers, dried 9 12 0					
32	SOAP not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
32(1)	SOAP toilet	Revenue	25 per cent. <i>ad valorem</i> . or Rs. 20 per cwt. whichever is higher.	....	....	....
32(2)	SOAP, household and laundry—					
	(a) in plain bars of not less than one pound, in weight.	Revenue	Rs. 4 per cwt. .. ..	....	....	....
	(b) other sorts	Revenue	Rs. 6-8 per cwt. ..	....	....	....
32(3)	POLISHES AND COMPOSITIONS	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
32(4)	CANDLES	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
33	GLUE, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
33(1)	GLUE, clarified, liquid	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
34	GUNPOWDER FOR CANNONS, rifles, guns, pistols and sporting purposes.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
34(1)	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roburite, blasting tonite, and all other sorts, including detonators and blasting fuze.*	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
34(2)	FIREWORKS specially prepared as danger or distress lights for the use of ships.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
34(3)	FIREWORKS, not otherwise specified †	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
34(4)	MATCHES, undipped splints and veneers—					
	(a) Matches— (1) In boxes or booklets containing on an average not more than 40 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India † plus ten annas per gross of boxes or booklets.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, explosives specially adapted for use in coal mines and included in the list of "Permitted Explosives" issued by the Chief Inspector of Mines in India under the Indian Coal Mines Regulations, 1926, and in force for the time being are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, fireworks specially designed for the use of aircraft are liable to duty at 25 per cent. *ad valorem*.

‡ The rate of excise duty on the 27th May 1939, and until further notice is Re. 1 per gross of boxes or booklets. The rate of excise duty on matches of the type known as "Bengal lights" in boxes containing on an average not more than 12 matches is 5 annas per gross of boxes.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—concl.						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—concl.						
	(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India* plus fifteen annas per gross of boxes or booklets.	....	....	....
	(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India† plus Re. 1-4 per gross of boxes or booklets.	....	....	....
	(4) All other matches	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India‡ plus one pie for every 48 matches or fraction thereof.	....	....	....
	(b) Undipped splints such as are ordinarily used for match-making.	Protective	Five annas and seven and a half pies per lb.	....	....	....
	(c) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers.	Protective	Seven annas and six pies per lb.	....	....	....
35	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, carbolime, urea, nitrate of lime, calcium cyanamide, ammonium phosphates, mineral phosphates and mineral superphosphates.	....	Free	....	....	....
SECTION VII.						
HIDES, SKINS, LEATHER, FUR SKINS AND MANUFACTURES OF THESE MATERIALS.						
36	HIDES AND SKINS not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
36(1)	HIDES AND SKINS, raw or salted	....	Free	....	....	....
36(2)	SKINS (other than Fur Skins), tanned or dressed, and unwrought leather.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
37	THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
37(1)	LEATHER CLOTH INCLUDING ARTIFICIAL LEATHER, and other manufactures of leather not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
38	FUR SKINS, dressed	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
SECTION VIII.						
RUBBER AND ARTICLES MADE OF RUBBER.						
39	RUBBER, raw	....	Free	....	....	....
39(1)	RUBBER TYRES AND TUBES AND OTHER MANUFACTURES OF RUBBER, not otherwise specified, excluding apparel and boots and shoes.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	Tariff values—					
	Per dozen.					
	Rs. a. p.					
	Cycle tyres (pneumatic) from the Far East.	10 0 0				
	Cycle tubes from the Far East.	4 0 0				
	Per lb.					
	Rs. a. p.					
	Solid rubber tyres for carriages and rickshaws.	0 8 6				
SECTION IX.						
WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAINTING MATERIALS.						
40	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 27th May 1939, and until further notice is Re. 1-8 per gross of boxes or booklets.

† The rate of excise duty on the 27th May 1939, and until further notice is Rs. 2 per gross of boxes or booklets.

‡ The rate of excise duty on the 27th May 1939, and until further notice is 4 annas for every 1,440 matches or fraction thereof.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IX—concl'd.						
WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAITING MATERIALS—concl'd.						
40(1)	FIREWOOD	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
40(2)	FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
40(3)	TEA CHESTS AND PARTS AND FITTINGS THEREOF.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
41	CORK MANUFACTURES not otherwise specified..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
42	FURNITURE OF WICKERWORK OR BAMBOO ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
SECTION X.						
PAPER AND ITS APPLICATIONS.						
43	WOOD PULP	Protective	25 per cent. <i>ad valorem</i> , or Rs. 30 per ton, whichever is higher.	....	....	March 31st, 1942.
44	WRITING PAPER—					
	(a) Ruled or printed forms (including letter paper with printed headings) and envelopes made of writing paper and account and manuscript books and binding thereof.	Protective	Nine pies per lb. or 25 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1942.
	(b) All other sorts	Protective	Nine pies per lb.	....	....	March 31st, 1942.
44(1)	PRINTING PAPER excluding poster and stereo and all coated papers, but including art paper, all sorts which contain no mechanical wood pulp or in which the mechanical wood pulp amounts to less than 70 per cent. of the fibre content.	Protective	Nine pies per lb.	....	....	March 31st, 1942.
44(2)	PRINTING PAPER, all sorts not otherwise specified which contain mechanical wood pulp amounting to not less than 70 per cent. of the fibre content.*	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
44(3)	PAPER, including poster and stereo and all coated papers except art paper, all sorts, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Per lb.					
	Rs. a. p.					
	Packing and wrapping paper—					
	Machine-glazed pressings ..	0 1 9				
	Manilla, machine-glazed or unglazed, and sulphite envelope.	0 1 11				
	Kraft and imitation kraft, other than bleached.	0 2 2				
44(4)	PASTEBOARD, MILLBOARD, CARDBOARD AND STRAWBOARD, all sorts.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>					
	Per cwt.					
	Rs. a. p.					
	Strawboards (not lined) ..	5 0 0				
44(5)	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parce post.	....	Free	....	....	....
44(6)	PAPER MONEY .. .. .	....	Free	....	....	....
44(7)	NEWSPAPERS, OLD, in bales and bags ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i>					
	Per cwt.					
	Rs. a. p.					
	Old newspaper in bales and bags.	4 8 0				
45	ARTICLES MADE OF PAPER AND PAPIER MACHE; Stationery including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards in booklet forms; including also waste paper but excluding paper and stationery otherwise specified.†	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
45(1)	BOOKS, printed, including covers for printed books, maps, charts, and plans, proofs, music, manuscripts, and illustrations specially made for binding in books.	....	Free	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, the following classes of printing paper containing Mechanical Wood Pulp amounting to not less than 70 per cent. of the fibre content are exempt from payment of so much of the import duty as is in excess of the amount mentioned against each:—(i) newsprint in reels, unglazed—Re. 1-8 per cwt., (ii) newsprint in reels, other sorts—Re. 1-12 per cwt., and (iii) all sorts not in reels (excluding chrome, marble, flint, poster, stereo and art paper) white or grey—Rs. 2 per cwt.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, posters, pamphlets and other printed material intended for tourist propaganda purposes, provided they are issued by or under the auspices of the Governments of the countries, being countries outside India, within which travel is to be stimulated and are not primarily intended to advertise the services of any private tourist agency, are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION X—<i>concl.</i>					
	PAPER AND ITS APPLICATIONS— <i>concl.</i>					
45(2)	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards) on paper or cardboard.*	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
	SECTION XI					
	TEXTILE MATERIALS AND TEXTILE GOODS.					
46	SILK, RAW (excluding silk waste and noils), and silk cocoons.	Protective	25 per cent. <i>ad valorem</i> plus 14 annas per lb.	....	....	March 31st 1940.
	<i>Tariff values—</i>					
	Silk, raw—		Per lb.			
			Rs. a. p.			
	Chinese—					
	Waste products		1 8 0			
	Duppon all kinds		2 2 0			
	Hand reeled (excluding re-reeled).		2 4 0			
	All other sorts		3 0 0			
	Japanese filatures and hand reeled and hand re-reeled but excluding duppon all kinds.		3 14 0			
46(1)	SILK WASTE AND NOILS	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1940.
46(2)	WOOL, RAW, AND WOOLTOPS .. ..	....	Free .. ..	....	....	....
46(3)	COTTON, RAW	Revenue	One anna per lb. ..	....	....	....
46(4)	TEXTILE MATERIALS, the following :—	Revenue	Raw hemp—18½ per cent. <i>ad valorem</i> ; all others—25 per cent. <i>ad valorem</i>.	....	....	....
	Raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.		....	....	....	....
46(5)	SISAL AND ALOE FIBRE	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
47	SILK YARN including thrown silk warps and yarn spun from silk waste or noils, but excluding sewing thread.†	Protective	25 per cent. <i>ad valorem</i> plus 14 annas per lb.	....	....	March 31st 1940.
47(1)	SILK SEWING THREAD	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1940.
47(2)	ARTIFICIAL SILK YARN AND THREAD	Revenue	25 per cent. <i>ad valorem</i> or 3 annas per lb., whichever is higher.	....	....	....
47(3)	WOOLLEN YARN not otherwise specified ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(4)	WOOLLEN YARN for weaving and knitting wool.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(5)	COTTON THREAD other than sewing or darning thread.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(6)	COTTON TWIST AND YARN, and cotton sewing or darning thread ‡—	....	....	....	....	....
	(a) of counts above 50's—					
	(i) of British manufacture	Protective	5 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective	6½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(b) of counts 50's and below—					
	(i) of British manufacture	Protective	5 per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective	6½ per cent. <i>ad valorem</i> , or 1½ annas per lb. whichever is higher.	....	....	March 31st, 1942.
47(7)	Twist and yarn of flax or jute	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(8)	YARN (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery.	Revenue	6½ per cent. <i>ad valorem</i>.	....	....	....
48	FABRICS, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—					
	(a) Pongee	Protective	50 per cent. <i>ad valorem</i> plus Re. 1 per lb.	....	....	March 31st, 1940.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, noil yarn is exempt from payment of the additional specific duty of 14 annas per lb.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, cotton sewing or darning thread wound on reels, balls, tubes, cards, bobbins, spools, cops, cheeses and cones is liable to duty at 5 per cent. *ad valorem* when the thread is of British manufacture and at 6½ per cent. *ad valorem* when it is of non-British manufacture.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XI— <i>contd.</i>					
	TEXTILE MATERIALS AND TEXTILE GOODS— <i>contd.</i>					
	(b) Fuji, Boseki and corded (excluding white cord).	Protective	50 per cent. <i>ad valorem</i> , plus Re. 1-8 per lb.	....	....	March 31st, 1940.
	(c) Other sorts*	Protective	50 per cent. <i>ad valorem</i> , plus Rs. 2 per lb.	....	....	March 31st, 1940.
48(1)	FABRICS, not otherwise specified, containing more than 90 per cent. of artificial silk—					
	(a) of British manufacture	Protective	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher.	....	....	March 31st 1942.
	(b) not of British manufacture†	Protective	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	....	....	March 31st 1942.
48(2)	WOOLLEN FABRICS, not otherwise specified, containing more than 90 per cent. of wool excluding felt and fabrics made of shoddy or waste wool.	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-2 per lb., whichever is higher.	....	....	....
48(3)	COTTON FABRICS, not otherwise specified, containing more than 90 per cent. of cotton—					
	(a) Grey piecegoods (excluding bordered grey chadars, dhuties, saris and scarves)—					
	(i) of British manufacture	Protective	15 per cent. <i>ad valorem</i> or 2½ annas per lb., whichever is higher.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective	50 per cent. <i>ad valorem</i> or 5½ annas per lb., whichever is higher.	....	....	March 31st, 1942.
	(b) Printed piecegoods and printed fabrics—					
	(i) of British manufacture	Protective	17½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(c) Cotton piecegoods and fabrics not otherwise specified—					
	(i) of British manufacture	Protective	15 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture	Protective	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
48(4)	FABRICS, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—					
	(a) containing more than 50 per cent. of silk or artificial silk or of both.	Protective	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb.	....	....	March 31st, 1940.
	(b) containing not more than 50 per cent. of silk or artificial silk or of both—					
	(i) containing more than 10 per cent. artificial silk.‡	Protective	50 per cent. <i>ad valorem</i> or Re. 1-8 per lb., whichever is higher.	....	....	March 31st, 1940.
	(ii) containing no artificial silk or not more than 10 per cent. artificial silk.‡	Protective	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1940.
48(5)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk—					
	(a) containing 50 per cent. or more cotton—					
	(i) of British manufacture	Protective	30 per cent. <i>ad valorem</i> or 2 annas per square yard, whichever is higher.	....	....	March 31st, 1942.
	(ii) not of British manufacture § ..	Protective	50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher.	....	....	March 31st, 1942.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, (1) Chinese silk piecegoods, the following, namely, Ghat-Pote, plain and flower, and Gauze, plain and flower, are liable to duty at 50 per cent. *ad valorem* plus Re. 1 per lb., and (2) Paj, all sorts, are exempt from so much of the duty as is in excess of 75 per cent. *ad valorem*.

† Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5 annas per square yard, whichever is higher.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, woollen all-overs embroidered with artificial silk are exempt from so much of the duty as is in excess of 25 per cent. *ad valorem* or Re. 1-2 per lb., whichever is higher.

§ Under Government of India, Commerce Department, Notification No. 341-T.(5)/37, dated the 1st April 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 4 annas per square yard, whichever is higher.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XI—<i>contd.</i>					
	TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>					
	(b) containing no cotton or containing less than 50 per cent. cotton—					
	(i) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher.	....	....	March 31st, 1942.
	(ii) not of British manufacture* ..	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	....	....	March 31st, 1942.
48(6)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk, but containing more than 10 per cent. but not more than 90 per cent. wool.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
48(7)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton—					
	(a) of British manufacture	Protective ..	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(b) not of British manufacture	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
48(8)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool or 50 per cent. cotton.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
48(9)	THE FOLLOWING COTTON FABRICS, namely, Sateens including Italians of Sateen weave, velvets and velveteens and embroidered all-overs—					
	(a) Printed fabrics—					
	(i) of British manufacture	Protective ..	17½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture ..	Protective ..	35 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(i) Other fabrics—					
	(i) of British manufacture	Protective ..	15 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
	(ii) not of British manufacture ..	Protective ..	35 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
48(10)	FABRICS containing gold or silver thread ..	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1942.
49	TEXTILE MANUFACTURES, the following articles when made wholly or mainly of any of the fabrics specified in Item No. 48, 48(1), 48(3), 48(4), 48(5), 48(7), 48(9) or 48(10) :— Bed sheets. Bed spreads. Bolster cases. Counterpanes. Cloths, table. Cloths, tray. Covers, bed. Covers, table. Dusters. Glass cloths. Handkerchiefs. Napkins. Pillow cases. Pillow slips. Scarves. Shirts. Shawls. Sacks (cotton). Towels. Umbrella Coverings.	Protective ..	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.	....	....	The duration applicable to the fabric of which the article is wholly or mainly made.
49(1)	FENTS, being <i>bona fide</i> remnants of piecegoods or other fabrics—					
	(a) of materials liable to duty under Item 48(3), not exceeding 4 yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
	(b) of materials liable to duty under Item 48, 48(1), 48(4), or 48(5), not exceeding 2½ yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
	(c) of other materials, not exceeding 4 yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
49(2)	RIBBONS	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Commerce Department, Notification No. 341-T.(5)/37, dated the 1st April 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5 annas per square yard, whichever is higher.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI—concl.						
TEXTILE MATERIALS AND TEXTILE GOODS—concl.						
49(3)	BLANKETS AND RUGS (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	..
49(4)	WOOLLEN CARPETS, FLOOR RUGS, SHAWLS AND OTHER MANUFACTURES OF WOOL, not otherwise specified, including felt.*	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
49(5)	COTTON BRAIDS OR CORDS, the following, namely :— Ghoonsis and Muktakesis.	Protective ..	6½ annas per lb. ..	....	....	March 31st, 1942.
50	JUTE MANUFACTURES not otherwise specified..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(1)	SECOND-HAND OR USED GUNNY BAGS OR CLOTH MADE OF JUTE.	....	Free .. ..	....	....	....
50(2)	HEMP MANUFACTURES	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(3)	COTTON, HAIR AND CANVAS PLY BELTING for machinery.	Revenue ..	6½ per cent. <i>ad valorem</i>.	....	....	....
50(4)	ROPES, cotton .. .. .	....	Free .. ..	....	....	....
50(5)	OIL CLOTH AND FLOOR CLOTH	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(6)	CORDAGE, ROPE AND TWINE OF VEGETABLE FIBRE OTHER THAN JUTE AND COTTON, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(7)	MATS AND MATTINGS, not otherwise specified..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(8)	COIR FIBRE, COIR YARN AND COIR MATS AND MATTING.	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
			Per cwt.			
			Rs. a. p.			
	Coir fibre		4 0 0.			
	Coir yarn		10 8 0			
51	SOCKS AND STOCKINGS made wholly or mainly from silk or artificial silk.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
51(1)	WOOLLEN HOSIERY AND WOOLLEN KNITTED APPAREL, that is to say, all hosiery and knitted apparel containing not less than 15 per cent. of wool by weight.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-2 per lb., whichever is higher.	....	....	....
51(2)	COTTON KNITTED APPAREL, including apparel made of cotton interlocking material, cotton undervests, knitted or woven, and cotton socks and stockings—					
	(a) of a weight not exceeding 4 lbs. per dozen.	Protective ..	25 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher.	....	....	March 31st 1942.
	(b) of a weight exceeding 4 lbs. per dozen..	Protective ..	25 per cent. <i>ad valorem</i> or 10 annas per lb., whichever is higher.	....	....	March 31st, 1942.
51(3)	COTTON KNITTED FABRIC	Protective ..	50 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher.	....	....	March 31st, 1942.
52	APPAREL, HOSIERY, HABERDASHERY, MILLINERY AND DRAPERY, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
52(1)	SILK OR ARTIFICIAL SILK GOODS used or required for medical purposes, namely :— Silk or artificial silk ligatures; elastic silk or artificial silk hosiery, elbow pieces, thigh pieces, knee caps, leggings, socks, anklets, stockings, suspensory bandages, silk or artificial silk abdominal belts, silk or artificial silk web catheter tubes, and oiled silk or artificial silk.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
52(2)	UNIFORMS AND ACCOUTREMENTS APPERTAINING THERETO, imported by a public servant for his personal use.	....	Free .. ..	....	....	....
52(3)	INSIGNIA AND BADGES of official British and Foreign Orders.	....	Free .. ..	....	....	....
53	TEXTILE MANUFACTURES, not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
53(1)	RAGS AND OTHER PAPER-MAKING MATERIALS excluding wood pulp.	....	Free .. ..	....	....	....
SECTION XII.						
FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION.						
54	BOOTS AND SHOES	Revenue ..	25 per cent. <i>ad valorem</i> or six annas per pair, whichever is higher.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, woollen waste and rags are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XII—<i>concl.</i>					
	FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION— <i>concl.</i>					
*54(1)	.....	.....	.....	.....	.....	.....
54(2)	UPPERS FOR BOOTS AND SHOES unless entirely made of leather.	Revenue	25 per cent. <i>ad valorem</i> or three annas per pair, whichever is higher.	.....	.....	.....
55	HATS, CAPS, BONNETS AND HATTERS' WARE, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
56	PARASOLS AND SUNSHADES AND FITTINGS for umbrellas, parasols and sunshades.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
	<i>Tariff values—</i> Per gross. Rs. a. p.					
	Umbrella ribs other than nickelled, brassed, fluted or metal tipped—					
	Solid Flexus, 23, 25 and 27 inches—					
	From Japan 1 12 0					
	From other countries .. 3 4 0					
	Solid Flexus, 16, 19 and 21 inches—					
	From Japan 1 9 0					
	Solids, 23, 25 and 27 inches—					
	From Japan 1 12 0					
	From other countries .. 2 0 0					
	Solids, 16, 19 and 21 inches—					
	From Japan 1 6 0					
	From other countries .. 1 12 0					
56(1)	UMBRELLAS	Revenue	25 per cent. <i>ad valorem</i> or eight annas each, whichever is higher.	.....	.....	.....
*57	.....	.....	.....	.....	.....	.....
	SECTION XIII.					
	WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE.					
58	ARTICLES MADE OF STONE OR MARBLE ..	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
58(1)	ASBESTOS MANUFACTURES, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
58(2)	PACKING—ENGINE AND BOILER—all sorts not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59	BUILDING AND ENGINEERING MATERIALS, all sorts not of iron, steel or wood not otherwise specified, including tiles other than glass, earthenware or porcelain tiles, and firebricks not being component parts of any articles included in Item No. 72 or No. 74(2).†	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59(1)	BUILDING AND ENGINEERING BRICKS	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59(2)	EARTHENWARE, CHINA AND PORCELAIN, all sorts not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59(3)	EARTHENWARE PIPES AND SANITARY WARE ..	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
59(4)	TILES OF EARTHENWARE AND PORCELAIN ..	Revenue	25 per cent. <i>ad valorem</i> or two annas per square foot, whichever is higher.	.....	.....	.....
59(5)	DOMESTIC EARTHENWARE, china and porcelain, the following, namely :—					
	(a) Tea cups and coffee cups—					
	(i) having a capacity of more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	.....	.....	.....
	(ii) having a capacity of not more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or four annas per dozen, whichever is higher.	.....	.....	.....
	(b) Saucers—					
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or five annas per dozen whichever is higher.	.....	.....	.....
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or two annas per dozen, whichever is higher.	.....	.....	.....

* There are no entries bearing Item Nos. 54(1) and 57.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33 dated the 22nd June 1935, sand is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XIII— <i>concl.</i>					
	WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE — <i>concl.</i>					
	(c) Tea-pots—					
	(i) having a capacity of more than 20 ozs.	Revenue	25 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher.	....	....	
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher.	....	....	
	(iii) having a capacity of not more than 10 ozs.	Revenue	25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher.	....	....	
	(d) Sugar-bowls	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher.	....	....	
	(e) Jugs having a capacity of over 10 ozs. ..	Revenue	25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher.	....	....	
	(f) Plates over 5½ inches in diameter—					
	(i) over 8½ inches in diameter	Revenue	25 per cent. <i>ad valorem</i> or Re. 1 per dozen, whichever is higher.	....	....	
	(ii) not over 8½ inches in diameter ..	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	....	....	
59(6)	COVERED CRUCIBLES FOR GLASS-MAKING ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	
60	GLASS AND GLASSWARE not otherwise specified, and lacquered ware.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	
	<i>Tariff values—</i> Per gross.					
	Aerated water bottles, empty— Rs. a. p.					
	Codd's pattern—					
	Under 10 ozs.	16 0 0				
	10 ozs.	17 0 0				
	Over 10 ozs.	18 8 0				
	Crown cork pattern—					
	7 ozs. and under	12 8 0				
	Over 7 ozs. up to and including 10 ozs.	13 0 0				
	Over 10 ozs.	14 8 0				
60(1)	GLASS GLOBES AND CHIMNEYS for lamps and lanterns—					
	(a) Globes for hurricane lanterns	Revenue	25 per cent. <i>ad valorem</i> or four annas and six pies per dozen, whichever is higher.	....	....	
	(b) Other globes and chimneys having an external base diameter of over one inch.	Revenue	25 per cent. <i>ad valorem</i> or three annas per dozen, whichever is higher.	....	....	
60(2)	ELECTRIC LIGHTING BULBS	Revenue	50 per cent. <i>ad valorem</i>.	....	....	
60(3)	GLASS BANGLES, GLASS BEADS AND FALSE PEARLS.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	
	<i>Tariff values—</i> Per 100 pairs.					
	Glass bangles— Rs. a. p.					
	China—					
	Nimuchi and pasala	2 0 0				
	Bracelet, Jodi and fancy, all kinds.	4 0 0				
	Rajawarakh, all kinds	5 4 0				
	Japan—					
	Reshmi or lustre, all colours—					
	Fancy (including all kinds of Vankwel or zigzag but excluding hexagonal bangles).	0 1 6				
	Fancy hexagonal	0 0 8				
	All others	0 0 9				
	Hollow or tube, all colours.	0 1 7				
	Sonerikada (golbala)—					
	Containing gold in their composition.	0 12 0				
	All others	0 1 10				
	SECTION XIV.					
	REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE).					
61	PRECIOUS STONES, unset and imported uncut, and Pearls, unset.	....	Free	....	....	

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XIV—concl.						
REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE) —concl.						
61(1)	PRECIOUS STONES, unset and imported cut* ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
61(2)	SILVER BULLION AND SILVER SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.†	Revenue ..	Three annas per ounce ..	....	....	....
61(3)	GOLD BULLION AND GOLD SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.	....	Free .. ..	....	....	....
61(4)	SILVER PLATE AND SILVER MANUFACTURES, all sorts not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(5)	SILVER THREAD AND WIRE (including so-called gold thread and wire mainly made of silver) and silver leaf including also imitation gold and silver thread and wire, lametta and metallic spangles and articles of a like nature, of whatever metal made.‡	Protective ..	62½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1941.
61(6)	GOLD PLATE, GOLD LEAF AND GOLD MANUFACTURES, all sorts not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	..
61(7)	GOLD OR GOLD-PLATED PEN NIBS	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(8)	ARTICLES, other than cutlery and surgical instruments, plated with gold or silver.§	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(9)	CUTLERY plated with gold or silver	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(10)	JEWELLERY AND JEWELS §	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
62	CURRENT COIN OF THE GOVERNMENT OF INDIA.	....	Free .. ..	....	....	....
62(1)	SILVER COIN, not otherwise specified	Revenue ..	Three annas per ounce..	....	....	....
62(2)	GOLD COIN .. ..	....	Free .. ..	....	....	....
SECTION XV.						
BASE METALS AND ARTICLES MADE THEREFROM.						
63	IRON OR STEEL, old <i>Tariff value—</i> Per cwt. Rs. a. p. Iron or steel, old 1 10 0	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(1)	IRON ALLOYS, viz., ferro-manganese, ferro-silicon, ferro-chrome, spiegeleisen and the like as commonly used for steel making.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(2)	IRON OR STEEL ANGLE, CHANNEL, TEE, FLAT, BEAM, ZED, TROUGH AND PILING— (a) not fabricated— (i) of British manufacture— not coated with other metals .. coated with other metals .. (ii) not of British manufacture ..	Protective .. Protective .. Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India ¶ or 10 per cent. <i>ad valorem</i> , whichever is higher. 1½ times the excise duty leviable for the time being on steel ingots produced in British India ¶ or 10 per cent. <i>ad valorem</i> , whichever is higher. 1½ times the excise duty leviable for the time being on steel ingots produced in British India ¶ plus Rs. 43 per ton.	.... .... ....	.... .... ....	March 31st, 1941. March 31st, 1941. March 31st, 1941.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, precious stones imported cut and unset are liable to duty at 5 per cent. *ad valorem*.

† The rate of excise duty on the 27th May, 1939, and until further notice, on all silver produced in silver works in British India, is 3 annas per ounce.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, all the articles included in this item are liable to duty at 50 per cent. *ad valorem*.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, articles of imitation jewellery (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver and in which the proportion of precious metal to total metallic contents is less than 1.5 per cent., are liable to duty which would have been leviable had they contained no gold or silver.

¶ The rate of excise duty on the 27th May, 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i>					
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
	(b) fabricated—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(3)	IRON OR STEEL BAR AND ROD—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
63(4)	IRON, pig	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(5)	IRON RICE BOWLS	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(6)	CAST IRON PIPES AND TUBES: also cast iron fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like—					
	(i) of British manufacture†	Protective ..	10 per cent. <i>ad valorem</i>.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	Rs. 57-8-0 per ton ..	....	....	March 31st, 1941.
63(7)	CAST IRON PLATES	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(8)	STEEL INGOTS Iron or steel blooms, billets and slabs, provided that no piece less than 1½ inches square or thick shall be included in this item.‡	Revenue ..	The excise duty leviable for the time being on steel ingots produced in British India*; or 15½ per cent. <i>ad valorem</i> , whichever is higher.	....	....	....
63(9)	IRON OR STEEL STRUCTURES, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of iron or steel bars, sections, plates or sheets, for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts thereof, but not including builders' hardware or any of the articles specified in Items Nos. 72, 72(3), 74(1), 75(3), 75(4) or 76(1)—					
	(a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(b) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(10)	STEEL, TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 38 per ton.	....	....	March 31st, 1941.

* The rate of excise duty on the 27th May, 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cast iron fittings for cast iron pipes and tubes, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like of British manufacture are exempt from so much of the duty as is in excess of Rs. 57-8 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel billets are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i>					
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 59 per ton.	....	....	March 31st, 1941.
63(11)	IRON OR STEEL ANCHORS AND CABLES	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(12)	A. IRON OR STEEL BOLTS AND NUTS, including hookbolts and nuts for roofing but excluding fish bolts and nuts—					
	(i) of British manufacture†	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Re. 1-9-0 per cwt.	....	....	March 31st, 1941.
	B. IRON OR STEEL FISH BOLTS AND NUTS—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 4-5-0 per cwt.	....	....	March 31st, 1941.
63(13)	IRON OR STEEL EXPANDED METAL	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(14)	IRON OR STEEL HOOPS AND STRIPS	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(15)	IRON OR STEEL RIVETS—					
	(i) of British manufacture‡	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Re. 1-14-0 per cwt.	....	....	March 31st, 1941.
63(16)	IRON OR STEEL NAILS AND WASHERS, all sorts not otherwise specified.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
		Per cwt.				
		Rs. a. p.				
	Nails—					
	Nails, rose and deck ..	14 8 0				
	Nails, bullock and horse-shoe ..	39 0 0				
63(17)	IRON OR STEEL PIPES AND TUBES AND FITTINGS THEREFOR, if riveted or otherwise built up of plates or sheets—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 35 per ton.	....	....	March 31st, 1941.

* The rate of excise duty on the 27th May, 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel bolts and nuts of British manufacture, including hook-bolts and nuts for roofing but excluding fish bolts and nuts are exempt from so much of the duty as is in excess of Rs. 37-4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel rivets of British manufacture are exempt from so much of the duty as is in excess of Rs. 43-8 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i>					
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
63(18)	IRON OR STEEL PIPES AND TUBES; also fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, excluding pipes, tubes and fittings, therefor otherwise specified.	Revenue	15½ per cent. <i>ad valorem</i>.	....	....	....
63(19)	IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES—					
	(a) not fabricated—					
	(i) of British manufacture*—					
	not coated with other metals	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	coated with other metals	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 25 per ton.	....	....	March 31st, 1941.
	(b) fabricated—					
	(i) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(20)	IRON OR STEEL SHEETS—					
	(a) not fabricated—					
	(1) not galvanized—					
	(i) of British manufacture‡	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 32 per ton.	....	....	March 31st, 1941.
	(2) galvanized—					
	(i) of British manufacture§	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton.	....	....	March 31st, 1941.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel plates of British manufacture, assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 30-5-4 per ton.

† The rate of excise duty on the 27th May, 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 37-5-4 per ton.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 45-5-4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i>					
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
	(b) fabricated—					
	(1) not galvanized—					
	(i) of British manufacture†	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 35 per ton.	....	....	March 31st, 1941.
	(2) galvanized—					
	(i) of British manufacture‡	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 44 per ton.	....	....	March 31st, 1941.
63(21)	IRON OR STEEL RAILWAY TRACK MATERIAL—					
	A. Rails (including tramway rails the heads of which are not grooved)—					
	(a) 30 lbs. per yard and over, and fish-plates therefor—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) under 30 lbs. per yard and fish-plates therefor—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton.	....	....	March 31st, 1941.
	B. Switches and crossings including stretcher bars and other component parts, and switches and crossings including stretcher bars and other component parts for tramway rails the heads of which are not grooved—					
	(a) for rails 30 lbs. per yard and over—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.

* The rate of excise duty on the 27th May 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 41 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 50 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV— <i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM— <i>contd.</i>						
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) for rails under 30 lbs. per yard—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 43 per ton.	....	....	March 31st, 1941.
	C. Sleepers, and sleeper bars, other than Cast Iron—					
	(i) of British manufacture†	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture† ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	D. Spikes (other than dog-spikes) and tie-bars—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton.	....	....	March 31st, 1941.
	E. Dog-spikes—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15 0 per cwt.	....	....	March 31st, 1941.
	F. Gibs, cotters, keys (including tapered key bars), distance pieces and other fastenings for use with iron or steel sleepers—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15 0 per cwt.	....	....	March 31st, 1941.

* The rate of excise duty on the 27th May, 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel sleeper bars, other than cast iron, are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i> BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
63(22)	IRON OR STEEL RAILWAY TRACK MATERIALS not otherwise specified, including bearing plates, cast iron sleepers and lever boxes.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(23)	IRON OR STEEL TRAMWAY TRACK MATERIALS not otherwise specified, including rails, fish-plates, tie bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracks.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(24)	IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(25)	IRON OR STEEL WIRE, other than barbed or stranded wire, wire rope or wire netting; and iron or steel wire nails— (i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 25 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 60 per ton.	....	....	March 31st, 1941.
63(26)	IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(27)	IRON OR STEEL, the original material (but not including machinery) of any ship or other vessel intended for inland or harbour navigation which has been assembled abroad, taken to pieces and shipped for reassembly in India— (i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 27-8-0 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st 1941.
	Provided that articles dutiable under this item shall not be deemed to be dutiable under any other item.					
63(28)	ALL SORTS OF IRON AND STEEL AND MANUFACTURES THEREOF not otherwise specified. <i>Tariff values—</i> Iron and Steel cans or drums— When imported containing kerosene and motor spirit, namely :— Cans, tinned, of four gallons capacity. Cans or drums, not tinned, of two gallons capacity— (a) with faucet caps (b) ordinary Dums of four gallons capacity— (a) with faucet caps (b) ordinary	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
	Per can. Rs. a. p. 0 4 6 Per can or drum. 0 14 0 0 5 0 Per drum. 1 4 0 0 12 0					
63(29)	ENAMELLED IRONWARE, the following, namely : (a) Sign-boards	Revenue ..	25 per cent. <i>ad valorem</i> , or four and a half annas per square foot whichever is higher.	....	....	....

* The rate of excise duty on the 27th May, 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i>					
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
	(b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalas, including rice-cups, rice-bowls and rice-plates—					
	(i) having no diameter exceeding 19 centimetres.	Revenue	25 per cent. <i>ad valorem</i> , or per dozen four annas plus one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher.	....	....	....
	(ii) having any diameter exceeding 19 centimetres.	Revenue	25 per cent. <i>ad valorem</i> , or per dozen eight annas plus two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher.	....	....	....
64	COPPER, WROUGHT, AND MANUFACTURES OF COPPER, all sorts not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i> Per cwt. Rs. a. p.					
	Copper, braziers, sheets, plates and sheathing.					
	Copper, circles					
	Per hundred leaves.					
	Copper, foil or dankpana, plain, white, 10 to 11 in. x 4 to 5 in.					
	Copper, foil or dankpana, plain, coloured, 10 to 11 in. x 4 to 5 in.					
64(1)	COPPER, scrap	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i> Per cwt. Rs. a. p.					
	Copper, old					
65	GERMAN SILVER INCLUDING NICKEL SILVER ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff value—</i> Per cwt. Rs. a. p.					
	German silver including nickel silver, old.					
66	ALUMINIUM—CIRCLES, SHEETS AND OTHER MANUFACTURES not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per lb. Rs. a. p.					
	Aluminium circles					
	Aluminium sheets, plain ..					
66(1)	UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
67	LEAD, WROUGHT—the following articles, namely, pipes and tubes and sheets other than sheets for tea chests.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
67(1)	LEAD SHEETS FOR TEA CHESTS	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
68	ZINC OR SPELTER, wrought or manufactured, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
68(1)	ZINC, UNWROUGHT, including cakes, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and ashes; and broken zinc.	....	Free .. ..	....	....	....
69	TIN, BLOCK	Revenue	Rs. 312-8 per ton ..	....	....	....
70	BRASS, BRONZE AND SIMILAR ALLOYS, wrought, and manufactures thereof, not otherwise specified.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per cwt. Rs. a. p.					
	Brass, patent or yellow metal, sheets and sheathing, weighing 1 lb. or above per square foot, and braziers and plates.					
	Brass, patent or yellow metal, circles weighing 1 lb. or above per square foot.					
70(1)	ALL SORTS OF METALS OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified.*	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, radium is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—concl.						
BASE METALS AND ARTICLES MADE THEREFROM—concl.						
	Tariff values—					
		Per cwt.				
		Rs. a. p.				
	Brass, patent or yellow metal ingots.	21 8 0				
	Brass, patent or yellow metal, old.	18 8 0				
	Copper, pigs, tiles, ingots, cakes, bricks and slabs.	33 8 0				
	Cupro-nickel bullet cases, old..	34 0 0				
	Lead, pig	13 0 0				
		Per lb.				
	Quicksilver	2 6 0				
71	HARDWARE, IRONMONGERY AND TOOLS, all sorts not otherwise specified, including incandescent mantles but excluding machine tools and agricultural implements.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	Tariff value—	Per gross.				
		Rs. a. p.				
	Crown corks	0 8 3				
71(1)	THE FOLLOWING HARDWARE, IRONMONGERY AND TOOLS, namely, agricultural implements not otherwise specified, buckets of tinned or galvanized iron, and pruning-knives.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
71(2)	CUTLERY, all sorts not otherwise specified ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
71(3)	METAL FURNITURE AND CABINETWARE ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
71(4)	PRINTING TYPE	Revenue	One anna and three pies per lb.	....	....	....
71(5)	THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal quoins, shooting sticks and galleys and metal furniture.	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
71(6)	RACKS FOR THE WITHERING OF TEA LEAF* ..	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
SECTION XVI.						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL.						
72	MACHINERY, namely, such of the following articles as are not otherwise specified†:—	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
	(a) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts;					
	(b) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts;					
	(c) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose;					
	(d) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton, hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton;					
	(e) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.					
	Note.—The term 'industrial system' used in sub-item (c) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.					

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, component parts of racks, for the withering of tea leaf when proved to have been imported for use in racks for the withering of tea leaf are also liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, coffee pulpers and component parts thereof are exempt from payment of import duty, provided that nothing shall be deemed to be a component part of a coffee pulper for the purpose of this exemption unless it is essential for the working of such machine and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XVI— <i>contd.</i>					
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL— <i>contd.</i>					
72(1)	THE FOLLOWING TEXTILE MACHINERY AND APPARATUS BY WHATEVER POWER OPERATED, namely, healds; heald cords and heald knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbies; Jacquard machines; Jacquard harness linen cords; Jacquard cards; punching plates for Jacquard cards; warping mills; multiple box sleys; solid border sleys; tape sleys; swivel sleys; tape looms; wool carding machines; wool spinning machines; hosiery machinery; coir mat shearing machines; coir fibre willowing machines; heald knitting machines; dobbie cards; lattices and lags for dobbies; wooden winders, silk looms; silk throwing and reeling machines; cotton yarn reeling machines; sizing machines; doubling machines; silk twisting machines; cone winding machines; piano card cutting machines; harness building frames; card lacing frames; drawing and denting hooks; sewing thread balls making machines; cumbli finishing machinery; hank boilers; cotton carding and spinning machines; mail eyes, lingoes, comber boards and comber board frames; take-up motions, temples and pickers; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.*	Revenue	.. 10 per cent. <i>ad valorem</i>.	....	....	....
72(2)	PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electro-type blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic nap rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines but excluding ink and paper.†	Revenue	.. 10 per cent. <i>ad valorem</i>.	....	....	....
72(3)	COMPONENT PARTS OF MACHINERY as defined in Items Nos. 72, 72(1) and 72(2), namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose: Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.	Revenue	.. 10 per cent. <i>ad valorem</i>.	....	....	....
72(4)	PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue	.. 25 per cent. <i>ad valorem</i>.	....	....	....
72(5)	DOMESTIC REFRIGERATORS	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
72(6)	MACHINERY AND COMPONENT PARTS THEREOF, meaning machines or parts of machines to be worked by manual or animal labour, not otherwise specified, and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one-quarter of one-horse power.	Revenue	.. 25 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935 as amended subsequently, the following textile machinery and apparatus and component parts thereof, namely, (1) ground stamping machines, (2) automatic hand repeating machines, (3) pattern cutting machines, (4) cloth analysis machines, (5) hand card punches and (6) automatic weaver knotters are also liable to duty at 10 per cent. *ad valorem*, provided that nothing shall be deemed to be a component part of textile machinery and apparatus for the purpose of this exemption unless it is essential for the working of such machinery and apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose. Under the same Notification jacquard harness linen cordage is liable to duty at 10 per cent. *ad valorem* or 4 annas per lb. whichever is higher.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, the following printing machinery and apparatus, namely, composing racks and cases, composing cabinets, diestamping machines, galley racks, embossing machines, graining machines, furniture cases and racks, line-up register tables, book sewing machines and cloth stripping machines are liable to duty at 10 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XVI—<i>contd.</i>					
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>					
72(7)	WATER-LIFTS, SUGAR-MILLS, SUGAR CENTRIFUGES, SUGAR PUG-MILLS, OIL-PRESSES, AND PARTS THEREOF, when constructed so that they can be worked by manual or animal power and pans for boiling sugar-cane juice.	....	Free .. .. .	....	....	....
72(8)	THE FOLLOWING AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, binding machines, elevators, seed and corn crushers, chaff-cutters, root-cutters, ensilage-cutters, horse and bullock gear, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, hay presses, potato-diggers, latex spouts, spraying machines, powder-blowers, white-ant exterminating machines, beet pullers, broadcast seeders, corn pickers, corn shellers, culti-packers, drag scrapers, stalk cutters, huskers and shredders, potato planters, lime sowers, manure spreaders, listers, soil graders, and rakes; also agricultural tractors, also component parts of these implements, machines or tractors, provided that they can be readily fitted into their proper places in the implements, machines or tractors for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.*	....	Free .. .. .	....	....	....
72(9)	THE FOLLOWING DAIRY AND POULTRY FARMING APPLIANCES, namely, cream separators, milking machines, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, butter workers, milk-bottle fillers and cappers, apparatus specially designed for testing milk and other dairy produce, and incubators; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy and poultry farming purposes.†	....	Free .. .. .	....	....	....
72(10)	SEWING AND KNITTING MACHINES (and parts thereof) to be worked by manual labour or which require for their operation less than one-quarter of one brake-horse-power.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
73	ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
73(1)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely :— Electrical Control Gear and Transmission Gear, namely, switches (excluding switch boards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; and regulators for use with motors designed to consume less than 187 watts; bare or insulated copper wires and cables, any one core of which, not being one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, the following agricultural machines and implements, namely, flame throwers for attachment to spraying machines designed for the extermination of locusts, and latex cups, are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, (1) dairy appliances, excluding transport containers and articles included in this item, provided they are specially designed as dairy appliances and for use for milking the cow or for any subsequent process carried out in the dairy in connection with milk, cream, butter or cheese and (2) component parts of such dairy appliances, provided they can be readily fitted into their proper places in the appliances for which they are imported and they cannot ordinarily be used for other than dairy purposes are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XVI—concl'd.					
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—concl'd.					
73(2)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely, telegraphic and telephonic instruments, apparatus and appliances not otherwise specified, flash lights, carbons, condensers, and bell apparatus, and switch-boards designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; also accumulators, batteries and electro-medical apparatus. * † ‡	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
73(3)	TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF imported by, or under the orders of a Railway Administration.	Revenue	15½ per cent. <i>ad valorem</i>.	....	....	....
73(4)	WIRELESS RECEPTION INSTRUMENTS AND APPARATUS AND COMPONENT PARTS THEREOF, including all electric valves, amplifiers and loud speakers which are not specially designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed.*	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
73(5)	ELECTRICAL EARTHENWARE AND PORCELAIN, the following, namely :—					
	(a) Insulators, Shackle, Sinclair, Cordeaux or Pin-type, not otherwise specified—					
	(i) fitted	Revenue	25 per cent. <i>ad valorem</i> or Re. 1-2 per dozen, whichever is higher.	....	....	....
	(ii) not fitted	Revenue	25 per cent. <i>ad valorem</i> or fourteen annas per dozen, whichever is higher.	....	....	....
	(b) Two-way cleats	Revenue	25 per cent. <i>ad valorem</i> or four annas per gross of pairs, whichever is higher.	....	....	....
	(c) Spacing insulators	Revenue	25 per cent. <i>ad valorem</i> or two annas per gross, whichever is higher.	....	....	....
	(d) Ceiling roses—					
	(i) fitted	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	....	....	....
	(ii) not fitted	Revenue	25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher.	....	....	....
	(e) Joint-box cut-outs—					
	(i) fitted	Revenue	25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher.	....	....	....
	(ii) not fitted	Revenue	25 per cent. <i>ad valorem</i> or six annas per dozen, whichever is higher.	....	....	....
73(6)	RUBBER-INSULATED COPPER WIRES AND CABLES, no core of which, other than one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, whether made with any additional insulating or covering material or not.	Revenue	6½ per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following wireless apparatus is liable to duty at 2½ per cent. *ad valorem* :—

- (i) apparatus for wireless reception [excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii)] and component parts of such apparatus, when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the Controller of Broadcasting, if the apparatus is imported for the All-India Radio, by the Officer Commanding, Aircraft Depot, Royal Air Force, (India), if the apparatus is imported by the Royal Air Force, by the following officers, if the apparatus is imported by the Royal Indian Navy, namely—at Bombay, by the Naval Store Officer; at Karachi, by the Sea Transport Officer; and at Calcutta and Madras, by the Agent for Government consignments concerned, and by the following officers, if imported for the Army, namely—at Karachi, by the Embarkation Supply and Stores Officer, Kiamari; at Bombay, by the Ordnance Officer, Bombay Depot, at Calcutta, by the Embarkation Supply and Stores Officer at that port, and at other ports, by the Agent for Government consignments concerned;
- (ii) apparatus for wireless reception incorporated in a single unit with transmitting apparatus;
- (iii) wireless transmission apparatus and component parts thereof;

Provided that nothing shall be deemed to be a component part of apparatus for wireless telegraphy or telephony for the purpose of this exemption unless it is essential for the working of such apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated 22nd June, 1935, telegraphic instruments and apparatus and parts thereof imported for supply from bond for use of a Railway Administration are liable to duty at 15½ per cent. *ad valorem*, provided that, (i) at the time of delivering the bill-of-entry for warehousing a declaration is made thereon by the importer to the effect that the goods have been imported for supply from bond for the use of a Railway Administration; and (ii) a certificate from an Officer of the Railway Administration, duly empowered in that behalf by the Agent, is produced along with the application for clearance out of bond that the goods in question are not merely guaranteed stock, but will be definitely appropriated for the use of such Railway on clearance from bond.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, carbon blocks such as are ordinarily used for the manufacture of carbon brushes for electrical motors and generators are liable to duty at 15 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XVII. TRANSPORT MATERIAL.					
74	COAL TUBS, TIPPING WAGONS AND THE LIKE CONVEYANCES designed for use in light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel—					
	(a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
74(1)	TRAMCARS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
74(2)	RAILWAY MATERIALS FOR PERMANENT-WAY AND ROLLING-STOCK, namely, sleepers, other than iron and steel, and fastenings therefor; bearing plates, chairs, interlocking apparatus, brake-gear, shunting skids, couplings and springs, signals, turn-tables, weigh-bridges, carriages, wagons, trawlers, rail removers, scooters, trolleys, trucks; also cranes, water-cranes and water-tanks when imported by or under the orders of a railway administration : Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Central Government may, by notification in the Official Gazette specifically include therein : Provided also that articles of machinery as defined in Item No. 72 or No. 72(3) shall not be deemed to be included hereunder.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
74(3)	COMPONENT PARTS OF RAILWAY MATERIALS, as defined in Item No. 74 (2), namely, such parts only as are essential for the working of railways and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose : Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the railway materials to which they belong, if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
75	CONVEYANCES not otherwise specified and component parts and accessories thereof; also motor vans and motor lorries imported complete.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
75(1)	MOTOR CARS including taxi cabs and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof, provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in Items Nos. 75 (2) and 75 (3) shall be dutiable at the rate of duty specified for such articles.	Preferential revenue.	37½ per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	....
75(2)	MOTOR CYCLES AND MOTOR SCOOTERS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof except such articles as are also adapted for use as parts and accessories of motor cars.	Preferential Revenue.	37½ per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	....	....
75(3)	MOTOR OMNIBUSES; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories not otherwise specified, excluding rubber tyres and tubes and such parts and accessories of motor vehicles included in this item as are also adapted for use as parts and accessories of motor cars.	Preferential revenue.	25 per cent. <i>ad valorem</i> .	17½ per cent. <i>ad valorem</i>.	....	....
75(4)	CARRIAGES AND CARTS which are not mechanically propelled, not otherwise specified, and parts and accessories thereof; excluding rubber tyres and tubes.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	..

* The rate of excise duty on the 27th May, 1939, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVII—concl'd.						
TRANSPORT MATERIAL—concl'd.						
75(5)	CYCLES (other than motor cycles) imported entire or in sections, and parts and accessories thereof; excluding rubber tyres and tubes.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
76	AEROPLANES, aeroplane parts, aeroplane engines, aeroplane engine parts and rubber tyres and tubes used exclusively for aeroplanes.*	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
76(1)	SHIPS AND OTHER VESSELS FOR INLAND AND HARBOUR NAVIGATION, including steamers, launches, boats and barges imported entire or in sections : Provided that articles of machinery as defined in Item No. 72 or No. 72 (3) shall, when separately imported, not be deemed to be included hereunder.	Revenue	15½ per cent. <i>ad valorem</i>.	....	....	....
76(2)	LIGHT SHIPS .. .. .	....	Free .. ..	....	....	....
76(3)	FURNITURE TACKLE AND APPAREL, not otherwise described, for steam-sailing, rowing and other vessels.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
SECTION XVIII.						
SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS; WATCH-MAKERS' AND CLOCKMAKERS' WARES; MUSICAL INSTRUMENTS.						
77	INSTRUMENTS, apparatus and appliances other than electrical, all sorts not otherwise specified, including photographic.†	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
77(1)	INSTRUMENTS, apparatus and appliances, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.	....	Free .. ..	....	....	....
77(2)	OPTICAL, SCIENTIFIC, Philosophical and Surgical Instruments, apparatus and appliances ..	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
77(3)	ARTIFICIAL TEETH	Preferential revenue	25 per cent. <i>ad valorem</i>.	....	15 per cent. <i>ad valorem</i>.	....
78	CLOCKS AND WATCHES AND PARTS THEREOF ..	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
79	MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts and records for talking machines.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
SECTION XIX.						
ARMS AND AMMUNITION.						
80	SAVE where otherwise specified, all articles which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air guns), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Central Government may, by notification in the Official Gazette, declare to be ammunition or military stores for the purposes of this Act.‡	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
80(1)	SUBJECT to the exemptions specified in Item No. 80 (3)—Firearms, including gas and air guns, gas and air rifles and gas and air pistols, not otherwise specified, but excluding parts and accessories thereof.‡	Revenue	Rs. 18-12 each or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, (1) aircraft (other than aeroplanes) such as autogyros, airships, and the like; their parts, their engines, and parts of such engines and (2) aircraft materials, such as dope, 3-ply wood, duralumin sheets and fabric which have been given for use as aircraft materials some special shape or quality which would not be essential for their use for any other purpose are liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, photo-litho films are liable to duty at 10 per cent. *ad valorem*.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, arms forming part of military equipment of officers and non-commissioned officers of foreign armies detailed for training at Army Schools of Instruction in India are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XIX—<i>concl'd.</i>					
	ARMS AND AMMUNITION—<i>concl'd.</i>					
80(2)	SUBJECT to the exemptions specified in Item No. 80 (3)—					
	(a) Barrels, whether single or double, for firearms, including gas and air guns, gas and air rifles, and gas and air pistols, not otherwise specified.	Revenue ..	Rs. 18-12 each.	....	....	....
	(b) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols.	Revenue ..	Rs. 6-4 each.	....	....	....
	(c) Gun stocks and breech blocks ..	Revenue ..	Rs. 3-12 each.	....	....	....
	(d) Revolver cylinders, for each cartridge they will carry.	Revenue ..	Rs. 2-8 each	....	....	....
	(e) Actions (including skeleton and waster), breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Revenue ..	Re. 1-4 each	....	....	....
	(f) Machines for making, loading, or closing cartridges for rifled arms.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
	(g) Machines for capping cartridges for rifled arms.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
80(3)	THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES :—	....	Free .. ..	....	....	....
	(a) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform.					
	(b) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (i) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (ii) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving, or in the case of a police officer, by an Inspector General or Commissioner of Police, to be imported by the officer for the purpose of his equipment.					
	(c) Swords for presentation as army or volunteer prizes.					
	(d) Arms, ammunition and military stores imported with the sanction of the Central Government for the use of any portion of the military forces of a State in India being a unit notified in pursuance of the First Schedule to the Indian Extradition Act, 1903.					
	(e) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.*					
80(4)	ORNAMENTAL ARMS OF AN OBSOLETE PATTERN possessing only an antiquarian value; masonic and theatrical and fancy dress swords, provided they are virtually useless for offensive or defensive purposes; and dabs intended exclusively for domestic, agricultural and industrial purposes.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
81	CARTRIDGE CASES, filled and empty	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, .22 inch Adapters, aim teachers and aperture sights for service rifles imported by officers commanding a unit of the Army in India for the instruction of their men are also exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XX. MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED.					
82	CORAL, prepared	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
82(1)	IVORY, manufactured, not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
82(2)	BANGLES AND BEADS, not otherwise specified	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per doz. pairs. Rs. a. p.					
	I. Celluloid bangles, viz. :— (1) All plain, flat, bangles without border or groove of width not over $\frac{1}{4}$ inch but not under $\frac{1}{8}$ inch.	0 9 6				
	(2) All plain, flat, bangles with border or groove of width not over $\frac{1}{4}$ inch but not under $\frac{1}{8}$ inch, excluding bangles with multiple borders or grooves.	0 7 6				
	II. Celluloid fancy bangles, viz :— (1) Patla bangles, all colours, including zigzag patla bangles, of width under $\frac{1}{4}$ inch but not under $\frac{1}{8}$ inch.	0 2 9				
	(2) Rubber rings, passa, vavto, zigzag all colours and rainbow designs but excluding Coils, Dantia, and Coral roote.	0 1 3				
83	BRUSHES, all sorts	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
84	Toys, games, playing cards and requisites for games and sports, bird shot, toy cannons, air guns and air pistols for the time being excluded in any part of British India from the operation of all the prohibitions and directions contained in the Indian Arms Act, 1878, and bows and arrows.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per cwt. Rs. a. p.					
	Bird shot	31 0 0				
		Per dozen.				
	Tennis balls	8 0 0				
85	BUTTONS, metal	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
85(1)	SMOKERS' requisites excluding tobacco and matches :	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
	Provided that mechanical lighters as defined in the Mechanical Lighters (Excise Duty) Act, 1934, shall be liable in addition to a duty equal to the amount of the excise duty imposed by that Act, on mechanical lighters manufactured in British India.*					
	SECTION XXI. WORKS OF ART AND ARTICLES FOR COLLECTIONS.					
86	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified.†	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
86(1)	ART, works of, not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
86(2)	ART, the following works of :—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.	....	Free .. ..	....	....	....
86(3)	SPECIMENS, MODELS AND WALL DIAGRAMS illustrative of natural science, and medals and antique coins.†	....	Free .. ..	....	....	....
86(4)	POSTAGE STAMPS, whether used or unused ..	....	Free .. ..	....	....	....
	SECTION XXII. ARTICLES NOT OTHERWISE SPECIFIED.					
87	ALL OTHER ARTICLES not otherwise specified, including articles imported by post.‡	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 27th May, 1939, and until further notice is Re. 1-8 per lighter.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, unmanufactured mica and wreaths imported for being placed on graves are exempt from payment of import duty and stereo-films are liable to duty at 10 per cent. *ad valorem*.

SCHEDULE II—EXPORT TARIFF.

No.	Names of articles.	Per	Rate of duty.
	JUTE, OTHER THAN BIMLIPATAM JUTE.		Rs. a.
1	RAW JUTE—		
	(1) Cuttings	Bale of 400 lbs.	1 4
	(2) All other descriptions	Bale of 400 lbs.	4 8
2	JUTE MANUFACTURES, when not in actual use as coverings, receptacles or bindings, for other goods—		
	(1) Sacking (cloth, bags, twist, yarn, rope and twine)*	Ton of 2,240 lbs.	20 0
	(2) Hessians and all other descriptions of Jute Manufactures not otherwise specified.†	Ton of 2,240 lbs.	32 0
3	RICE.		
4	RICE, HUSKED OR UNHUSKED, including rice flour but excluding rice bran and rice dust, which are free.	Indian maund of 82 2/7 lbs. avoirdupois weight.	Two annas and three pies.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, bagging for raw cotton made from cadis rove or from rove containing, in addition to cadis or other material not subject to export duty, not more than 15 per cent. jute weighing not less than 1½ lbs. per square yard and having a total of not more than 140 single or double warp and weft threads per square yard, is exempt from payment of export duty and bagging for raw cotton made from jute rove (excluding bagging specified above as exempt from payment of export duty), weighing not less than 1½ lbs. per square yard and having a total of not more than 250 warp and weft threads per square yard, is liable to export duty at Rs. 5-8 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, jute rags such as are used for paper making are exempt from payment of export duty provided that the Customs Collector is satisfied that they are useless for any purpose to which cloth or rope is ordinarily put.

‡ There is no entry bearing Item No. 3.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES

Articles which if produced or manufactured in British India, are liable to excise duties and which, if produced or manufactured in Burma, are liable on importation into British India to countervailing import duties under paragraph 7 of Part II of the India and Burma (Trade Regulation) Order, 1937; and articles, which, on importation into British India from Burma are liable to differential rates of duties under paragraph 6 of Part II of the India and Burma (Trade Regulation) Order, 1937.

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
1	SALT	Re. 1-9-0 per maund of 82-2/7 pounds avoirdupois.	Same as Excise duty ..	....
2	SUGAR—			
	(i) Khandsari sugar	Eight annas per cwt. ..	Do. ..	....
	(ii) All other sugar except palmyra sugar ..	Rs. 2-0-0 per cwt. ..	Do. ..	....
3	KEROSENE	2 annas 9½ pies per Imperial gallon.	Do. ..	....
4	MOTOR SPIRIT	10 annas per Imperial gallon.	Do. ..	....
5	MATCHES—			
	(i) in boxes or booklets containing on an average not more than 40 matches.	Re. 1-0-0 per gross of boxes or booklets.	Do. ..	....
	(ii) in boxes or booklets containing on an average more than 40 but not more than 60 matches.	Re. 1-8-0 per gross of boxes or booklets.	Do. ..	....
	(iii) in boxes or booklets containing on an average more than 60 matches but not more than 80 matches.	Rs. 2-0-0 per gross of boxes or booklets.	Do. ..	....
	(iv) in boxes containing on an average not more than 12 matches of the type known as "Bengal lights."	5 annas per gross of boxes.	Do. ..	....
	(v) all other matches	4 annas for every 1,440 matches or fraction thereof.	Do. ..	....
6	SILVER	3 annas per ounce ..	Do. ..	....
7	STEEL, ingots and articles manufactured therefrom—			
	(i) Steel ingots and iron or steel blooms, billets of slabs not less than 1½ inches square or thick.	Rs. 4-0-0 per ton ..	Do. ..	....
	(ii) Other manufactures of iron or steel—			
	(a) not fabricated	Rs. 5-5-4 per ton ..	Do. ..	....
	(b) fabricated	Rs. 6-0-0 per ton ..	Do. ..	....
8	MECHANICAL LIGHTERS	Re. 1-8-0 per lighter ..	Do. ..	....
9	GOODS specified in item 40 of List II of the 7th Schedule to the Government of India Act, 1935, viz. :—	Rates vary in different provinces.	The rate of the provincial excise duty leviable for the time being on similar goods produced or manufactured in the province into which the goods are imported.	....
	(a) Alcoholic liquors for human consumption ..			
	(b) Opium, Indian hemp and other narcotic drugs and narcotics; non-narcotic drugs;			
	(c) Medicinal and toilet preparations containing alcohol or any substances included in (b) above.			
10	ARTICLES Assessable under item 3 (2) .. .. .	....	....	10 per cent. <i>ad valorem</i> , unless proved to be otherwise than of colonial origin.
11	ARTICLES assessable under item 4 (1) excluding dried skim milk, that is to say, dried milk powder containing not more than 4 per cent. of fat and no added ingredients.	....	....	5 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom origin.
12	ARTICLES assessable under items 9 (1), 15 (6), 17 (2), 20 (1), 20 (2), 28 (7), 29, 31 (1), 49 (2), 51, 59 (6), 60 (2), 61 (7), 61 (9), 81, 84 and 85 (1).	....	....	10 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
13	GROUND SPICES assessable under item 9 (3) .. ..	....	....	7½ per cent. <i>ad valorem</i> , unless proved to be of colonial origin.
14	ARTICLES assessable under items 9 (6) and 15 (2).	....	....	5 per cent. <i>ad valorem</i> , unless proved to be otherwise than of colonial origin.
15	WHEAT assessable under item 10 (1) .. .. .	....	....	Re. 1-8 per cwt.
16	WHEAT FLOUR assessable under item 11 (1) .. ..	....	....	The excess, if any, of Re. 1-8 per cwt. over 25 per cent. <i>ad valorem</i> .
17	TAPIOCA FLOUR assessable under item 11 (3) .. ..	....	....	5 per cent. <i>ad valorem</i> , unless proved to be of colonial origin.
18	ARTICLES assessable under items 15 (4), 18, 21, 28 (4), 28 (14), 31, 31 (3), 33, 36 (2), 37 (1), 38, 39 (1), 40 (2), 41, 42, 45, 47 (4), 50 (5), 50 (6), 56, 58 (1), 58 (2), 59, 59 (2), 65, 66, 67, 68, 70, 71, 71 (2), 71 (3), 72 (6), 75 (4), 77 (3), 83 and 85.	....	....	5 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom origin.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*contd.*

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
19	ARTICLES assessable under item 16 (1) .. .. .	....	....	5 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom or colonial origin.
20	ALE AND BEER assessable under item 22 (2)—			
	(a) In barrels or other containers containing 27 oz. or more.	....	....	One anna per imperial gallon
	(b) In bottles containing less than 27 oz. but not less than 20 oz.	....	....	2 pies per bottle.
	(c) In bottles containing less than 13½ oz. but not less than 10 oz.	....	....	1 pie per bottle.
	(d) In bottles containing less than 6½ oz. but not less than 5 oz.	....	....	½ pie per bottle.
	(e) In other containers* .. .. .	....	....	1 anna and 4 pies per imperial gallon.
21	PERFUMED SPIRITS assessable under item 22 (5) (c) ..	....	....	The excess, if any, of (a) Rs. 60 per imperial gallon over (b) Rs. 52-8 per imperial gallon or 20 per cent. <i>ad valorem</i> , whichever is higher, unless proved to be otherwise than of the United Kingdom manufacture.
22	BALL CLAY assessable under item 25 (3) .. ..	....	....	25 per cent. <i>ad valorem</i> .
23	LUBRICATING OIL assessable under item 27 (8) ..	....	....	One anna and 7 pies per imperial gallon unless proved to be otherwise than of the United Kingdom origin.
24	THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES assessable under item 28 (8) namely: hydrochloric, nitric, sulphuric, tartaric and other acids excluding acetic, carbolic, citric and oxalic acids; anhydrous ammonia, potassium bichromate and other potassium compounds excluding potassium chlorate and potassium cyanide; sodium bichromate and sodium cyanide.	....	....	5 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom or colonial origin.
25	ZINC OXIDE assessable under item 30 (2) (c) but assessed in Burma under item 28 (7) of the Burma Customs Tariff (Second issue).	....	....	5 per cent. <i>ad valorem</i> , if proved to be of the United Kingdom manufacture, otherwise the difference between (a) 30 per cent. <i>ad valorem</i> , or Rs. 6 per cwt., whichever is higher and (b) 25 per cent. <i>ad valorem</i> .
26	LEAD PENCILS assessable under item 30 (7) .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 1 anna per dozen, whichever is higher and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
27	SOAP, TOILET, assessable under item 32 (1) .. ..	....	....	The excess, if any, of Rs. 20 per cwt. over 25 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
28	WOOD PULP assessable under item 43 .. .. .	....	....	The excess, if any, of 25 per cent. <i>ad valorem</i> over Rs. 45 per ton.
29	WRITING PAPER assessable under item 44 (a)—			
	(1) Ruled or printed forms (including letter paper with printed headings) and account and manuscript books and binding thereof.	....	....	The excess, if any, of (a) nine pies per lb. or 25 per cent. <i>ad valorem</i> , whichever is higher, over (b) one anna per lb. or 15 per cent. <i>ad valorem</i> , whichever is higher.
	(2) Envelopes made of writing paper .. ..	....	....	The excess, if any, of 25 per cent. <i>ad valorem</i> over one anna per lb.
30	PAPER assessable under item 44 (3)—			
	(1) All coated papers excluding chrome, marble, flint and art paper.	....	....	The excess, if any, of 25 per cent. <i>ad valorem</i> over one anna per lb.
	(2) All other papers .. .. .	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.

* Ale and beer in containers other than bottles assessable under this sub-item are exempt from so much of the differential duty as is in excess of the differential duty that would have been leviable if such containers were bottles.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*contd.*

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
31	PASTEBOARD, MILLBOARD AND CARDBOARD assessable under item 44 (4).	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
32	COTTON, RAW, assessable under item 46 (3) .. .. .	....	....	Six pies per lb.
33	FABRICS assessable under items 48 (1) (<i>b</i>) and 48 (5) (<i>b</i>) (<i>ii</i>).	....	....	The difference between (<i>a</i>) 50 per cent. <i>ad valorem</i> or 5 annas per square yard, whichever is higher, and (<i>b</i>) 50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.
34	WOOLLEN FABRICS assessable under items 48 (2) and 51 (1).	....	....	The excess, if any, of Re. 1-2 per lb. over 25 per cent. <i>ad valorem</i> .
35	WOOLLEN ALL-OVERS embroidered with artificial silk assessable under item 48 (4) (<i>b</i>).	....	....	The excess, if any, of Re. 1-2 per lb. over 25 per cent. <i>ad valorem</i> .
36	FABRICS assessable under items 48 (5) (<i>a</i>) (<i>ii</i>) .. .. .	....	....	The difference between (<i>a</i>) 50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher, and (<i>b</i>) 50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher.
37	BOOTS AND SHOES composed mainly of leather assessable under item 54.	....	....	The difference between (<i>a</i>) 25 per cent. <i>ad valorem</i> or 6 annas per pair, whichever is higher, and (<i>b</i>) 20 per cent. <i>ad valorem</i> or 5 annas per pair, whichever is higher, unless proved to be otherwise than of the United Kingdom manufacture.
38	UMBRELLAS assessable under item 56 (<i>i</i>) .. .. .	....	....	The difference between (<i>a</i>) 25 per cent. <i>ad valorem</i> or 8 annas each, whichever is higher, and (<i>b</i>) 20 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom manufacture.
39	TILES of earthenware and porcelain assessable under item 59 (4).	....	....	The difference between (<i>a</i>) 25 per cent. <i>ad valorem</i> or 2 annas per square foot, whichever is higher, and (<i>b</i>) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
40	DOMESTIC EARTHENWARE, China and porcelain assessable under item 59 (5), the following namely :— (<i>a</i>) Tea cups and coffee cups— (<i>i</i>) having a capacity of more than 7½ ozs.. (<i>ii</i>) having a capacity of not more than 7½ ozs. (<i>b</i>) Saucers— (<i>i</i>) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	.... ....	.... ....	The difference between (<i>a</i>) 25 per cent. <i>ad valorem</i> or 10 annas per dozen, whichever is higher, and (<i>b</i>) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture. The difference between (<i>a</i>) 25 per cent. <i>ad valorem</i> or 4 annas per dozen whichever is higher, and (<i>b</i>) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture. The difference between (<i>a</i>) 25 per cent. <i>ad valorem</i> or 5 annas per dozen, whichever is higher, and (<i>b</i>) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*contd.*

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 2 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(c) Tea pots—			
	(i) having a capacity of more than 20 ozs...	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(iii) having a capacity of not more than 10 ozs.	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 12 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(d) Sugar bowls .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(e) Jugs having a capacity of over 10 ozs. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or 12 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(f) Plates over 5½ inches in diameter—			
	(i) over 8½ inches in diameter .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or Re. 1 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) not over 8½ inches in diameter ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
41	SAPPHIRES AND RUBIES assessable under item 61 (1)..	....	....	5 per cent. <i>ad valorem</i> .
42	ARTICLES assessable under items 63 (1), 63 (4), 63 (5), 63 (7), 63 (11), 63 (13), 63 (16), 63 (18), 63 (22), 63 (23) and 63 (26).	....	....	5½ per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom origin.
43	ARTICLES assessable under item 63 (8) excluding iron or steel billets.	....	....	The excess, if any, of (a) the excise duty leviable for the time being on steel ingots produced in British India or 15½ per cent. <i>ad valorem</i> , whichever is higher, over (b) the excise duty leviable for the time being on steel ingots produced in British India or 10 per cent. <i>ad valorem</i> , whichever is higher, unless proved to be otherwise than of the United Kingdom manufacture.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—*contd.*

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
44	ARTICLES assessable under item 63 (28) .. ..	....	....	5 per cent. <i>ad valorem</i> unless proved to be otherwise than of the United Kingdom origin.
45	ENAMELLED IRONWARE, assessable under item 63 (29), the following, namely :—			
	(a) Sign-boards .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 4½ annas per square foot, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(b) Domestic hollow ware, the following, namely, basins, bowls, dishes, plates and thalas, including rice cups, rice bowls and rice plates—			
	(i) having no diameter exceeding 19 centimetres. ....	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or per dozen 4 annas plus one anna for every 2 centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) having any diameter exceeding 19 centimetres. ....	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or per dozen 8 annas plus two annas for every 2 centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
46	ACCUMULATORS, BATTERIES AND ELECTRO-MEDICAL APPARATUS assessable under item 73 (2).	....	....	5 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
47	ELECTRICAL EARTHENWARE AND PORCELAIN assessable under item 73 (5), the following, namely—			
	(a) Insulators, Shackle, Sinclair, Cordeaux or Pintype, not otherwise specified—			
	(i) fitted .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or Re. 1-2 per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) not fitted .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 14 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(b) Two-way cleats .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 4 annas per gross of pairs, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(c) Spacing insulators .. ..	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 2 annas per gross, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.

EXCISE, DIFFERENTIAL AND COUNTERVAILING IMPORT DUTIES—concl'd.

Serial No.	Articles.	Rate of		
		Excise duty.	Countervailing import duty.	Differential duty.
	(d) Ceiling roses—			
	(i) fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 10 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) not fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 8 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(e) Joint-box cut-outs—			
	(i) fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 8 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
	(ii) not fitted .. .. .	....	....	The difference between (a) 25 per cent. <i>ad valorem</i> , or 6 annas per dozen, whichever is higher, and (b) 20 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
48	SCIENTIFIC, PHILOSOPHICAL AND SURGICAL INSTRUMENTS, APPARATUS AND APPLIANCES assessable under item 77 (2).	....	....	5 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
49	MUSICAL INSTRUMENTS AND PARTS thereof assessable under item 79 excluding complete organs and harmoniums and records for talking machines.	....	....	10 per cent. <i>ad valorem</i> , unless proved to be otherwise than of the United Kingdom manufacture.
50	FIREARMS assessable under item 80 (1) .. .. .	....	....	The excess of (a) Rs. 18-12 each or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i> , over (b) Rs. 18-12 each or 40 per cent. <i>ad valorem</i> , whichever is higher, unless proved to be otherwise than of the United Kingdom manufacture; otherwise the excess, if any, of (c) Rs. 18-12 each or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i> , over (d) Rs. 18-12 each plus 10 per cent. <i>ad valorem</i> , or 50 per cent. <i>ad valorem</i> , whichever is higher.

Report for the Year 1938.

Section IV.

**SPEECH OF THE FINANCE MEMBER
ON
INTRODUCTION OF BUDGET FOR 1939-40.**

SPEECH OF THE HONOURABLE FINANCE MEMBER ON INTRODUCING
THE BUDGET PROPOSALS FOR 1939-40.

One of the few satisfactory features about the budgetary history of the year 1938-39 was the fact that when I originally presented my proposals to the House I prefaced my remarks with the warning that India was a disappointing country for prophets and thereby forestalled possible future accusations of inaccurate budgeting. This anticipatory caution on my part is in keeping with the practice of one of the greatest of Chancellors of the Exchequer, who always inserted safeguarding or hedging phrases in his speeches, so that when Opposition Members tried to quote him against himself he could safely invite them to read the full text, secure in the knowledge that the precautionary words would be there. But in anything so serious as my last Budget speech I must not be flippant, and so I plunge without further ado into the flood of prosaic facts and figures which I have to put before you.

FINANCIAL YEAR 1937-38.

2. In our revised estimates for 1937-38 we anticipated that we should need to draw Rs. 1,09 lakhs from the Revenue Reserve Fund in order to balance our accounts, leaving in the Fund Rs. 75 lakhs to be carried forward to 1938-39. The actual amount required was however only Rs. 78 lakhs, for expenditure was Rs. 9 lakhs less than the revised estimates and revenue Rs. 22 lakhs better. The main variations in revenue were increases of Rs. 83 lakhs from Taxes on Income (including Rs. 43 lakhs on account of Corporation Tax) and Rs. 14 lakhs in the net receipts from Posts and Telegraphs, counterbalanced by decreases of Rs. 82 lakhs under Customs and Rs. 10 lakhs in Mint profits. The rather spectacular increase in receipts from Taxes on Income seems to have been partly due to an acceleration of the process of assessment and partly to overcautious estimating at a time when trade activity was diminishing. The main benefit of the Income Tax (as opposed to the Corporation Tax) part of the increase accrued of course to the Provinces and so augmented their share of the divisible pool under the Niemeyer Award. In our revised estimates for 1937-38 we assumed that this share would be Rs. 1,38 lakhs but in the middle of March of that year it looked as if Railway receipts were declining and we therefore decided to distribute Rs. 1,25 lakhs only. In the event however the reduction in the Railway surplus was no more than Rs. 8 lakhs while on the other hand the divisible pool of Income Tax increased by Rs. 33 lakhs so that the true Provincial share of Income Tax turned out to be Rs. 1,63 lakhs. Thus against the additional Rs. 31 lakhs available in the Revenue Reserve Fund we must set off this balance of Rs. 38 lakhs of Income Tax which will have to be paid to the Provinces together with the amounts to be distributed on account of the current year.

The fall in customs revenue was general. As was mentioned in my Budget Speech last year the previous upward movement had come to a halt in January and there soon developed a decline which was steeper than anything we anticipated. A rapid falling off in the import trade accounted for the shortfall, in the closing months of the last financial year, of Rs. 82 lakhs and revealed the tendency which was to become so marked a feature of the first half of the current financial year.

FINANCIAL YEAR 1938-39.

3. Our revised estimates for the current year show a net deterioration of Rs. 2,92 lakhs in revenue, and this is more than accounted for by the severe fall in the receipts from Customs Duties. At the time of framing the Budget we had, it is true, anticipated a reversal of the previous rise and had accordingly reduced our estimates by Rs. 60 lakhs as compared with the revised figure for 1937-38. But the trade recession was much sharper than we feared though happily it showed signs of being shorter than usual. Its effects on the customs revenue in consequence proved much worse than we had had reason to expect and reduced the receipts in the earlier months of the year to such an extent that though there has since been a certain improvement the reduction over the year is now estimated at Rs. 3,67 lakhs. Under expenditure there is a net diminution of Rs. 18 lakhs made up of a reduction of

Rs. 1,18 lakhs in the Civil estimates mainly due to the special economy measures, counter-balanced by an increase of Rs. 1,00 lakhs for the Defence Services. The result is that instead of realising a surplus of Rs. 9 lakhs we have to reckon on a deficit of about Rs. 2,65 lakhs.

Revenue.

4. Apart from the shortage of Rs. 3,67 lakhs under Customs referred to above the other main changes in the budget figures are decreases of Rs. 18 lakhs under Currency and Mint and of Rs. 51 lakhs in the Railway contribution, as against improvements of Rs. 49 lakhs under Central Excise Duties, Rs. 32 lakhs under Corporation Tax, Rs. 47 lakhs under Taxes on Income other than Corporation Tax and Rs. 8 lakhs under Opium. Let me explain these variations in more detail.

5. *Customs and Central Excise Duties.*—As I have already said there is a total shortage of Rs. 3,67 lakhs under Customs and an excess of Rs. 49 lakhs under Central Excise Duties. Under Customs the steady increase in the imports of machinery has provided Rs. 21 lakhs more than our estimates, and imports of raw cotton, which were expected to yield Rs. 60 lakhs, are now expected to provide Rs. 20 lakhs more. But under most of the other heads there has been a shortfall, which is particularly heavy in the case of artificial silk fabrics and yarn and certain other textile items including cotton fabrics of British manufacture. It is worth while to observe that, from the purely revenue point of view, the replacement of imports of consumers' goods by imports of plant and raw material of an equivalent value but subject to lower rates of duty results in a lower yield. This factor has been in operation concurrently with the setback in international trade. The yield of the export duty on jute, both raw and manufactured, though low in the first months of the year, has made a marked recovery and is now expected to reach the budget figure of Rs. 4,20 lakhs, so that the payments made on this account to the jute-growing Provinces are also likely to reach the budget estimates. Our revised estimates for motor spirit and kerosene, taking customs and excise together, are very much lower than the budget estimates but are still Rs. 24 and Rs. 6 lakhs respectively above the actuals of the previous year. Under Central Excise Duties the main rise has been under sugar, where in spite of a smaller volume of factory production, high prices and under-stocked markets have stimulated the rapid clearance of finished sugar, and have incidentally provided an eloquent refutation of most of the arguments which were levelled against the increase of the excise duty two years ago.

6. *Taxes on Income.*—Our total revised estimate including Corporation Tax and other elements entirely Central is Rs. 16,04 lakhs compared with the budget estimate of Rs. 15,25 lakhs. The rise of Rs. 79 lakhs is of course a reflection into 1938-39 of the improvement which took place in the closing months of 1937-38. It includes increases of Rs. 32 lakhs under Corporation Tax and Rs. 12 lakhs in the portion attributable to the emoluments of officers serving under the Central Government and to centrally administered areas. The remaining Rs. 35 lakhs go to increase the pool of income-tax to be divided among the provinces, but, as Hon'ble Members have learnt from the Railway Member, the estimated contribution from the railways to central revenues has been reduced from Rs. 2,56 lakhs to Rs. 2,05 lakhs and the amount payable to the Provinces on account of this year accordingly becomes Rs. 1,12 lakhs as compared to the budget forecast of Rs. 1,28 lakhs. On the other hand there is, as I have explained, a carry forward of Rs. 38 lakhs which will raise the total to be distributed to Rs. 1,50 lakhs.

7. *Other Revenue Heads.*—There is a small decrease of Rs. 2 lakhs under Salt, and an increase of Rs. 8 lakhs under Opium owing to increased demands for excise opium from Provincial Governments and Indian States. Under Mint there is a decrease of Rs. 27 lakhs, the profits from the circulation of small coin having declined. In the first seven months of the year there was a particularly heavy return of all denominations of nickel coin, partly by way of reaction to the exceptionally heavy demand of the year before and partly as a result of the general decline in trade; and though this return of coin has since November given place to seasonal absorption on a normal scale, the amount of nickel and bronze coins passed into circulation during the year will now be a great deal less than anticipated. The variation under Currency is due to an increase of Rs. 10 lakhs in the Government's share of the Reserve Bank's profits.

; *Posts and Telegraphs*.—The budget and revised estimates for the Posts and Telegraphs Department are as follows :—

	Budget, 1938-39.	Revised, 1938-39.
	(In lakhs.)	
Gross receipts	11,70	11,52
Working expenses and interest charges	11,70	11,51

Indications of decline in revenue appeared early in the year, and steps were immediately taken to effect such reductions in expenditure as could be made without curtailing the existing facilities to the public. New projects were postponed and certain desirable activities, provision for which had been made in the budget, had to be abandoned. Thus, although we anticipate a fall of Rs. 18 lakhs in revenue we are still able to hope that the Department will end the year with a balanced account.

Expenditure.

9. *Defence Services*.—The only increase on the expenditure side of the 1938-39 estimates arises under Defence Services which are expected to cost Rs. 1,00 lakhs more than the Budget estimate of Rs. 45,18 lakhs. The sum of Rs. 1,00 lakhs is the net result of increases aggregating Rs. 2,16 lakhs, and reductions totalling Rs. 1,16 lakhs. The main items of increase are :—

Improved conditions of service for British military personnel consequent on decisions taken by His Majesty's Government	Rs. 1,15 lakhs.
Waziristan operations	„ 45 „
Increased requirements of Ordnance Services	„ 32 „

As regards the first item, I should explain that it includes a sum of Rs. 25 lakhs which is still the subject of discussion with His Majesty's Government.

The principal decreases are :—

Abandonment of the scheme for the conversion of 4 British Battalions into Machine Gun Units	Rs. 48 lakhs.
Slowing-down of the programme of mechanization of British Cavalry Units and of other reorganisation measures	„ 26 „
Withdrawal of 4 British Battalions	„ 16 „

10. *Civil Estimates*.—In connection with the decrease of Rs. 1,18 lakhs in the Civil estimates it will be appropriate if I give a brief account of the various economy measures undertaken by Government during the course of the present year in order to reduce the deficit that was bound to occur once customs receipts began to show a serious decline. As long ago as last April, when the recession in trade showed the first indications of hardening into a considerable depression, all new schemes, even though they had been provided for in the Budget, were ruthlessly excised, and orders were issued that no proposal for fresh expenditure would be entertained unless it was absolutely inescapable or definitely remunerative. As the trade recession deepened and our customs revenue declined still further, a special committee of Secretaries, presided over by the Home Member, was set up to examine expenditure in detail and to propose further economies in the sanctioned grants. As an emergency measure orders were issued restricting officiating promotions and the recruitment of outsiders. Grants for travelling allowance and contingencies were cut by ten per cent. and all possible economies that did not involve the retrenchment of permanent staff or the cessation of valuable activities on the part of Government institutions were enforced. As the result of these measures savings amounting to Rs. 1,18 lakhs were achieved. After deduction of that part of the savings relating to the Posts and Telegraphs Department which went to balance the decrease in their receipts and so made no net contribution to our problem, the revised estimates show a net reduction of Rs. 94 lakhs as compared with our budget estimates. This is spread over practically all heads, though the largest reduction appears under Civil Works owing to the abandonment or postponement of building projects previously sanctioned.

11. *Interest.*—The remainder of the reduction in expenditure is accounted for by a net diminution of Rs. 24 lakhs under the Interest head. In the first place there is a reduction of Rs. 48 lakhs on account of Bonus on Post Office Cash Certificates. As the House knows, our disbursements on this account have been exceptionally heavy in recent years with the result that the fund maintained to assist in meeting this liability had become exhausted. Accrued interest on certificates presented for encashment has had therefore to be met entirely from revenue. Contrariwise a reduction in the accrued interest payable produces a direct budget saving. During the present year not only has there been a diminution in the volume of certificates presented for payment but many of those presented have carried a lower rate of interest. A further element is a saving of Rs. 18 lakhs in interest on Postal Savings Bank Deposits due to the reduction in the rate of interest last December from 2 per cent. to $1\frac{1}{2}$ per cent. This rate is still $\frac{1}{2}$ per cent above that payable by the Imperial Bank, and we considered that the reduction might be made without materially affecting the steady increase in these Savings Bank Deposits, the outstanding balance of which has risen from Rs. 43 crores in 1933 to over Rs. 77 crores at the beginning of this financial year. Against these reductions there has been an increase of Rs. 26 lakhs in the discount on Treasury Bills due mainly to the higher rates of interest now current in the bill market, and various minor additions which I need not particularise.

Position as at 31st March 1939.

12. So on the basis of these figures we are faced with a deficit of Rs. 2,65 lakhs in the current year. As the amount provided for the reduction or avoidance of debt was Rs. 3 crores, this means that there will virtually be no debt repayment from revenue during the year though fortunately there will be no net addition to indebtedness. However in this connection I may point out with a certain consciousness of rectitude that, according to the decision explained in my Budget Speech last year the sum of Rs. 1,02 lakhs paid to general revenues on the 1st April 1938, out of the balance in the Renewals Reserve Fund of the Posts and Telegraphs Department has been taken to reduction of debt outside the revenue account, whereas it might have been shown in reduction of our current deficit. If the latter course had been followed we should have exposed a deficit of only Rs. 1,63 lakhs.

FINANCIAL YEAR 1939-40.

13. I come now to the financial year 1939-40. Our total revenue estimates amount to Rs. 82,15 lakhs as compared to Rs. 83,00 lakhs in the revised estimates for this year.

Revenue.

14. *Customs and Central Excise Duties.*—Next year's budget estimate for customs is Rs. 40,10 lakhs against the current year's revised of Rs. 40,14 lakhs. It has, however, been decided on the recommendation of the Public Accounts Committee that with effect from next year the amount payable to the States of Cochin and Travancore as their share of the customs revenue of the Cochin Port is to be treated as a deduction from revenue and not as expenditure. This involves a reduction of Rs. 39 lakhs under both revenue and expenditure and so we are really budgeting under customs for an increase of Rs. 35 lakhs. This is based on the assumption of increasing yields from such items as petrol and machinery, which continue to show a steady growth in spite of fluctuations in trade conditions, and of further reductions in the receipts from artificial silk fabrics and yarns and other textile fabrics. For the rest we have taken no more than the revised estimates for the current year. There are signs, notably the revival of confidence in the stock and commodity markets that took place last June, and the improvement in the foreign trade position that has continued since then, that the present depression will not be so prolonged as the last and should in the ordinary course give way to a general trade revival. On the other hand there is the continued uncertainty of the international political situation, and it would perhaps be unduly optimistic to count on any marked revival in time to affect materially the accounts of next year. Thus, though the customs returns of the last few months have shown an improvement on those of the earlier part of the year, and the figures for India's favourable balance of trade have been consistently better than those of the corresponding months of the previous year, conditions do not appear to justify our raising our general estimates above the level of the returns of the current year.

15. Our estimates for Central Excise duties, which amount to Rs. 8,28 lakhs, also follow our revised estimates except for minor variations. The main component of this figure is the estimate of Rs. 4,00 lakhs from the duty on sugar. I have adopted Rs. 4,00 lakhs as a nominal figure on a review of various conflicting considerations and in conjunction with a figure of Rs. 20 lakhs, also largely nominal, which has been included in the Customs estimates. I am aware that the outturn of the cane crop for the present crushing season points to a considerable shortage in the production of factory sugar during that season. On this basis it would be reasonable to adopt a much lower forecast of the yield of the excise. The financial year however bestrides two crushing seasons and there are other elements of uncertainty in the situation. In the first place, the continuance of high prices for refined sugar must have a depressing effect on the volume of consumption. Secondly, a shortage of factory production can be made up by an expansion of *khandsari* production as well as by imports of foreign sugar. To the extent that *khandsari* production supplies the deficiency the result is that little or no compensation accrues to the revenue for the loss of the excise from factory sugar. On the other hand, imports of foreign sugar more than compensate for the loss of revenue from indigenous supplies. On a careful review of the various conflicting and indeterminate factors in the problem I have come to the conclusion that I should not be justified in assuming a total revenue from both Excise and Customs duties on sugar of more than Rs. 4,20 lakhs. I have not made any attempt at a precise apportionment of the revenue to these two heads; the figures under Excise and under Customs are alike nominal. I do however attach considerable importance to the gross figure which represents a considered decision of what we can safely expect from this source.

16. It will be convenient at this point to say something about the change which we intend to introduce in regard to the levy of Excise duty on *khandsari* sugar. Here we are introducing legislation which will extend the liability to pay duty and will at the same time enable us to reduce the rate of duty. The estimated quantity of *khandsari* sugar produced annually in British India has at various times fluctuated from 100,000 tons to upwards of 200,000 tons. Yet the yield of excise duty at the present rate of Re. 1 per cwt. is not more than Rs. 50,000; in other words, the quantity of *khandsari* sugar on which duty is paid is less than 2 per cent. of the total production. This is due largely to the definition of a "factory" in the Sugar Excise Duty Act, 1934, which confines the charge of the duty to sugar produced in premises employing 20 or more workers. This liability is easily avoided by the common practice of splitting up the process of manufacture and having the different processes performed in separate premises. The result is not only a loss of revenue but an inequitable incidence of taxation which has given rise to numerous complaints from the sugar mills of unfair competition. It is therefore intended to amend the definition of "factory" in section 2 (a) of the Sugar Excise Duty Act, 1934, so as to omit any reference to the number of workers employed. I should make it clear that there will be no extra burden on the small agriculturist who does not employ mechanical power in any of the processes of sugar production. We propose at the same time to reduce the rate of excise duty on *khandsari* sugar from Re. 1 to annas eight per cwt. We estimate that this change will yield an increase in revenue of approximately Rs. 5½ lakhs, but this figure is included in the general estimate of the Excise revenue from sugar.

17. *Taxes on Income.*—As already mentioned we have put up our revised estimates for 1938-39 by Rs. 79 lakhs over the budget figure. The preceding year had been on the whole a prosperous one and the decline in trade did not appear until the last few months of it. As I have pointed out the trade recession which then set in was sharp, and we estimate that the effect of this on our figures for 1939-40 will be a reduction of Rs. 81 lakhs, which wipes out the gain shown in the revised estimates for 1938-39. Of this fall Rs. 20 lakhs is on account of Corporation Tax. On the other hand we have to reckon on the increases that are expected to result from the introduction of the provisions of the Income Tax (Amendment) Bill, together with the application of a new scale based on what is called the Slab System.

18. The new scale of rates, which will appear in the Finance Bill, is that shown in Appendix 2 of the Income-Tax Enquiry Report of 1936, with no alteration other than that Hindu Undivided Families with more than one adult married male member are treated in the same way as other Hindu Undivided Families, that is to say, the rates of tax will be the same for them as for individuals. I need not describe the scale in detail now because it was

fully present to the minds of Hon'ble Members throughout the recent debates on the Income Tax Bill. It is also proposed to abolish the Rs. 50,000 exemption limit for Company super-tax.

19. Provision is made in the Finance Bill, as in past years, for the previous year's rates to be applied to incomes from salaries, interest on securities, and company dividends, but this year, owing to the change from the Step to the Slab System, the provision is more complicated and involves the application of the old rates to the total income if more than half the total income is from these sources.

20. I have already told the House that the majority of individual assesseees will gain by the introduction of the Slab System. For individuals we expect a decrease of Rs. 93 lakhs in income-tax and an increase of Rs. 1.17 lakhs in super-tax. From companies we hope to get increases of Rs. 31 lakhs in Income-Tax and (after allowing for the removal of the Rs. 50,000 exemption limit) of Rs. 21 lakhs in super-tax.

21. From the legislative changes contained in the actual Income-Tax Bill, i.e., apart from the changes of scale to be provided for in the Finance Bill, but including the withdrawal of the leave pay exemption, we hope to get in round figures Rs. 50 lakhs. This may appear to Hon'ble Members a very modest sum after all the alarums and excursions which have attended the passage of this legislation. But it is at any rate a good start and in succeeding years, when its provisions have had time to become fully effective, we may hope for much larger sums.

22. All told the combined effect of the legislative and quasi-legislative changes is an increase of Rs. 1.31 lakhs of which Rs. 21 lakhs is under Corporation Tax. Taking into account also the reduction due to the fall in profits we arrive at final estimates of Rs. 1.88 lakhs for Corporation Tax and Rs. 14.66 lakhs for Taxes on Income other than Corporation Tax—the latter figure representing an increase of Rs. 49 lakhs over the revised estimate for 1938-39. Of the Rs. 14.66 lakhs, Rs. 12.65 lakhs represents the divisible pool for Niemeyer purposes and Rs. 2.01 lakhs the purely Central share. As the Railway contribution has been estimated by the Railway Member at Rs. 2.13 lakhs, the Provincial share of Income Tax comes to Rs. 1.78 lakhs, which is Rs. 66 lakhs more than the revised estimate for 1938-39.

23. *Posts and Telegraphs.*—For the next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 11.64 lakhs, and expenditure Rs. 11.63 lakhs. Although recent months have indicated a slight improvement in certain classes of traffic, the general economic conditions in the country do not warrant anything more than a small increase of Rs. 12 lakhs in revenue. The estimated expenditure is also Rs. 12 lakhs above the revised estimate for the current year; the rise is mainly accounted for by increases of about Rs. 8 lakhs due to normal increments of salaries and of Rs. 3 lakhs in pensionary charges.

Expenditure.

24. The total figure for expenditure is Rs. 82.65 lakhs, or Rs. 3.00 lakhs less than the revised estimates for the current year. This somewhat startling reduction is explained by decreases of Rs. 1.73 lakhs under Interest and Rs. 1.00 lakhs under Defence, coupled with the fact that the special economies enforced this year are being continued in the budget for next year.

25. *Defence Services.*—The Defence Budget for 1939-40 stands at Rs. 45.18 lakhs. This is the same figure as the Budget Estimate for the current year, but Rs. 1.00 lakhs less than the Revised Estimates.

I do not suppose that there is another important country in the world whose Defence Budget for 1939-40 will not show an increase, and, in some cases, a very large increase, over the Budget for 1938-39. Whatever may be the true position in this respect, it does not admit of doubt that no other country of importance has been able to escape with such modest increases in Defence expenditure as has this country during the past four years.

I have not concealed from the House in my previous Budget speeches that the sums, which it has been possible to allocate to the Defence Services in recent years, have not corresponded with military necessities or the international situation : rather have they been determined by financial exigencies.

The same is true of the Budget Estimate for 1939-40. The total sum proposed provides merely for standing charges and commitments. Even so, we have been able to keep down to Rs. 45,18 lakhs only as a result of :—

- (i) The receipt of the addition of £500,000 to the Garran contribution which I announced on the 13th of September last ;
- (ii) The transfer to the Imperial Establishment of 4 British Battalions, 1 Cavalry Regiment and 5 Tank Companies, which have already left India, or will have left by the end of the present trooping season ;
- (iii) Drawing on military Sinking Funds to the extent of Rs. 49 lakhs for purposes other than those for which they were set up.

The Budget Estimate also allows for the receipt of £2,150,000, being the first part of the capital grant of £5 million which I announced at the same time as the additional recurring grant of £500,000 just mentioned. As the House will remember, this capital grant was related only to certain British and Indian Units in India : it falls far short of the sums required if our Military and Naval Forces are not to be left in a condition far inferior to the Defence Forces of other countries. I can only express the hope that the decisions of His Majesty's Government on the Report of the Expert Committee on Indian Defence under the Chairmanship of Lord Chatfield will result in further substantial sums becoming available to give us those modern Defence Forces which are required by recent developments in military science and are dictated by the present world situation.

26. *Interest.*—The decrease in next year's estimate under Interest, as compared to this year's budget estimate, is no less than Rs. 1,96 lakhs. The main elements which go to make up this large saving are as follows :—First, there is a reduction of Rs. 1,60 lakhs in the amount payable as bonus on Post Office Cash Certificates. This is due to the fact that the certificates now falling due were issued at considerably lower rates of interest and are also less in amount than the exceptionally heavy maturities of recent years. The high interest certificates were all issued in years prior to that beginning on the 1st April 1934. With a lowering of the rate the value of new certificates sold naturally decreased. During the year 1934-35 the average rate of interest was 3 per cent. whereas at one time it had been as high as $5\frac{1}{4}$ per cent., and the value of certificates sold was under Rs. 10 crores as opposed to over Rs. 13 crores in the previous year. It is the certificates sold in the year 1934-35 which ordinarily fall in for payment in 1939-40 and we are able, therefore, to reduce our estimate for the amount payable as bonus on certificates due to be discharged to Rs. 2,25 lakhs as compared with last year's budget estimate of Rs. 3,85 lakhs and a revised estimate of Rs. 3,37 lakhs. Then there are savings of Rs. 35 lakhs on account of the conversion operation of last summer, over and above of course a substantial saving to the Railways, of Rs. 37 lakhs, being a full year's consequence of the reduction in interest on Post Office Savings Bank Deposits which I have already mentioned, and of Rs. 15 lakhs in interest on sterling Family Pension Funds due to their transfer to the Family Pension Fund Commissioners in London. Against these savings there is increased expenditure of Rs. 28 lakhs on Treasury Bills owing partly to the larger balance outstanding at the start of the year but mainly to the rise in rates, an increase of Rs. 9 lakhs in the interest on Provident Funds due to normal growth in deposits, and extra interest amounting to Rs. 22 lakhs earned on the larger balances in the Railway Depreciation Fund.

27. Perhaps the House will bear with me if I turn aside and point the moral of this huge reduction in our interest charges. It is due largely to careful management of our public debt on the part of my predecessor and also of course to the policy of sound finance which has been pursued by the Government of India over a number of years. And if there are Hon'ble Members who are inclined to jeer at what they conceive to be the undue orthodoxy

of the policy I hope they will reflect upon the very remarkable fruit which it is now bearing in enhanced credit and reduced debt charges. I make no apology for dwelling a little on this question for, as I have said, the main responsibility for the results lies at the door of my predecessor.

28. *Other Expenditure heads.*—As I mentioned in connection with the revenue estimates there is a decrease of Rs. 39 lakhs under customs, due to the payments on account of the Cochin Port being treated as deductions from revenue. The expenditure under the remaining heads has on the whole been kept at the level of the reduced amounts shown in the revised estimates by the prolongation of the economy measures brought into operation this year. Such unavoidable increases as have had to be provided for have been counter-balanced by extra savings from some of the economies which could not produce their full effect till next year.

Position as at the 31st March 1940.

29. Thus, on the basis of the adoption of the new rates for Income-tax, etc., and of the maintenance of existing taxation otherwise we arrive at the following results :—

Revenue	..	..	..	..	..	Rs. 82,15 lakhs.
Expenditure	..	..	..	..	..	Rs. 82,65 lakhs.
Prospective deficit	..	..	..	..	..	Rs. 50 lakhs.

Before I proceed to deal with the question of making up this deficit, I must turn aside and give the usual review of our Ways and Means position.

WAYS AND MEANS.

30. *New Loan.*—During the current year the Government of India made a combined cash and conversion issue of 3 per cent. 1963-65 stock at 98. The 5½ per cent. 1938-40 and the 5 per cent. 1939-40 loans were accepted at Rs. 101-12 and Rs. 104, respectively. The issue, which was oversubscribed within 5 minutes of its opening, produced Rs. 26,31 lakhs of which Rs. 19,98 lakhs represented conversions. The unconverted part of the 5½ per cent. 1938-40 loan was notified for discharge on October 1st. Next year we shall have the option of redeeming the remainder of the Government of India 5 per cent. 1939-44 loan, the outstanding balance of which is a little over Rs. 20 crores. The time and manner of the redemption will of course depend on market conditions and on our Ways and Means position.

31. *Sterling Liabilities.*—With the decline in our balance of trade that occurred during the earlier part of last year and a certain increase in private remittance for purposes of investment the amount of sterling offered to the Reserve Bank has until recently been comparatively low. In the first ten months of the current year the Bank's purchases amounted to £12 millions as compared to £15 millions in the corresponding period of the previous year, but in the last two months the amounts purchased have been considerably larger than those of the corresponding weeks of last year. With the trade balance rising again there is good reason to expect that by the end of the year a much more satisfactory showing will have been made. In the year a further £3 millions of sterling Railway Debentures are being discharged and we also expect to complete the transfer of our outstanding liabilities in respect of sterling family pensions, amounting to about £6 millions. These further repayments of sterling debt will bring the total amount repatriated since 1935 to something like Rs. 65 crores. Next year our sterling requirements are estimated at a little over £27 millions as compared to £36 millions in the current year, £37 millions in 1937-38 and £41 millions in 1936-37. This reduced remittance programme should offer us no difficulty.

32. *Treasury Bills.*—In 1938-39 we had reckoned on an increase of Rs. 5 crores in the value of treasury bills outstanding. Actually the figure looks like being Rs. 6,70 lakhs with the result that the total amount outstanding at the end of 1938-39 will be between Rs. 44 and 45 crores. Next year, however, in spite of the virtual certainty of our having to pay for a further 5 crores of silver rupees returned by the Reserve Bank, we expect to be able to reduce this balance by some Rs. 6 crores. Taking both years together, we shall have made only a trifling addition to our floating debt in spite of an increase of Rs. 10 crores in the

silver debt and of having had to make a special remittance of about Rs. 8 crores on account of the Family Pension Funds.

33. I may add that it has been found satisfactory to all the parties concerned to continue the arrangement by which, instead of the Provinces competing for the supply of treasury bills sold each week by public tender, the bills required for the investment of their surplus balances are provided by the Reserve Bank from its own holding. Of the total amount of treasury bills at present outstanding approximately Rs. 4½ crores represent bills transferred in this way to the Provincial Governments.

34. *Post Office Cash Certificates and Savings Bank Deposits.*—Our revised ways and means estimate allows for a net repayment of Rs. 62 lakhs only in respect of Cash Certificates as compared with the budget estimate of Rs. 3½ crores. Encashments have been slightly less than anticipated while sales have now begun to show a distinct improvement. This is no doubt due to the effect of the recent reduction in the rate of interest on Post Office Savings Bank deposits in increasing the relative popularity of the Certificates. Our estimate for the net repayment next year is, therefore, taken at no higher figure than Rs. 50 lakhs. On the other hand the rate of increase in Savings Bank deposits has fallen off though, as I said earlier, there is no sign of a reversal of the process which has resulted in a steady rise in the total deposits since 1933 from Rs. 43 to Rs. 77 crores. In fact, as against an increase of Rs. 5 crores (excluding interest of course) assumed in the budget, our latest estimates provide for an increase of Rs. 3,30 lakhs this year and of Rs. 3,75 lakhs next year.

Proposals for 1939-40.

35. I now return to the prospective deficit of Rs. 50 lakhs. In present circumstances our resources in the way of new taxation are somewhat circumscribed. The yield of increased Income-tax goes mainly to the Provinces; even over the revenue part of the field Customs Duties in general are as high as is consistent with a maximum yield, while over the protective part the return is rapidly declining. So far as Excises are concerned a delicate situation has been created by the judgment of the Federal Court which amounts to saying that there is concurrent power in the realm of internal indirect taxation. The full implications of this judgment are not yet apparent to me but one of the most important of them has been pointed out by the Chief Justice himself, viz., the need for mutual forbearance in this sphere lest the taxing authorities should by the simultaneous exercise of their powers raise the price of the article taxed to a height at which consumption is seriously curtailed. There is also the reminder of the Chief Justice that, in the absence of this mutual forbearance, the ability of the Centre to continue to make or to make new devolutions under Section 140 of the Government of India Act will be jeopardized. The first subject chosen for the exercise of the concurrent taxing power is of course Motor Spirit and, if I may say so, the *obiter dicta* of the Chief Justice apply with great force in this instance. Certainly for my part I do not propose to meet our own deficit by an increase in the taxation on Motor Spirit.

36. However, I must not tax your curiosity any longer—particularly as it will yield no revenue—and so I say that I have finally come down in favour of increasing the taxation on one of the extremely few items of the Customs tariff which shows an expanding yield, viz., that relating to Raw Cotton and I propose that the duty should be doubled. I shall no doubt be told that by this measure I am indulging my usual vendetta against indigenous industry. I might with a good deal more justice retort that perhaps the increased duty would do something to promote the growing of the longer staples of cotton in India and this is no contemptible objective when we remember that Indian Mills are importing over 700,000 bales of these varieties a year. However I take neither the blame nor the credit for either of these objectives. My design is simply to balance the budget by the least burdensome means open to me and that I claim to be doing. The increased duty will operate as from to-morrow and we can, I think, safely put the extra yield at Rs. 55 lakhs a year. With this addition to the revenue our final figures become :—

Revenue	Rs. 82,70 lakhs.
Expenditure	Rs. 82,65 lakhs.
Surplus	Rs. 5 lakhs.

37. At this stage I suppose I ought to review the whole financial history of my five years of office or at any rate to try to draw its moral. But I shall do nothing of the sort. For India, as for the rest of the world, the future is much more important than the past. The political outlook has many menacing features both in India and outside. Many difficult problems face those responsible for the conduct of affairs in India and elsewhere. For India as for the rest of the world there is no hope save in a release of the stresses which operate between race and race and between community and community. If that release can take place India will not only be more prosperous in itself, it will also share in the very much increased prosperity of the world at large and in both cases the potential growth of economic welfare is almost limitless. And I would like the last words of my last budget speech to be simply a restatement of the obvious truth that without political reconciliation—the word appeasement has perhaps become too hackneyed—Central and Provincial Governments alike in India must fail in the great task allotted to them of raising the standards of life of the people.

NEW DELHI,
28th February, 1939.

P. J. GRIGG.

Report for the Year 1938.

Section V.

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STATISTICS.

As was stated in the preliminary portion of the report for 1926, the tables printed in the following pages show considerable variations from those published prior to 1926. The tables now given represent an attempt to give in an easily comprehensible form essential information of a statistical nature regarding the textile trade of India as a whole. In addition, information will also be found in certain tables concerning the textile trade of Bombay City and Island which is the largest individual centre of the cotton trade in India.

A number of interesting tables are also included concerning the textile trade of Japan, India's keenest competitor in the home and export markets.

Most of the tables are self-explanatory and no notes regarding their interpretation are necessary. The following notes are only intended to assist in arriving at correct conclusions regarding the progress of the Indian textile trade during the last few years.

Table 3.—Progress of Cotton Mill Industry in India. The falling off in the production of yarn and cloth in the years ending 31st of March 1926 and 1929 is chiefly accounted for by the strikes referred to in the footnote to the table.

Table 7.—Statement showing the cotton arrivals into Bombay during the season 1937-38 as compared with 9 previous seasons.

Tables 16 and 17.—Statements showing the imports of cotton yarn into India and Bombay during the last 20 years. Notable features of the tables are the larger imports of artificial silk and mercerized yarn during the last few years.

Tables 18 and 19.—Statements showing the imports of cotton piecegoods into India and Bombay during the last 20 years.

Table 20.—Summary of imports of cotton yarn into India in 1938 as compared with two previous years. This table shows the shares of the import trade in yarn held by the chief importing countries.

Table 21.—Detailed statement of imports of cotton yarn into India in 1938 as compared with two previous years. This table shows in detail the counts and types of yarn imported into India from the various countries.

Tables 22 and 23.—Summary and Details of imports of cotton yarn into Bombay in 1938 as compared with two previous years. These tables give information similar to that contained in Tables 20 and 21, but for the Port of Bombay.

Table 26.—Summary of imports of cotton piecegoods into India in 1938 as compared with two previous years. This table gives at a glance the quantities of the main classifications of piecegoods imported into India from the chief importing countries. Table 27 gives the information contained in Table 26 in very much greater detail.

Tables 28 and 29.—Details and Summary of imports of cotton piecegoods into Bombay in 1938 as compared with two previous years. These tables contain information similar to that contained in Tables 27 and 26 respectively but for the Port of Bombay.

Table 30.—Detailed statement of exports of Indian-made piecegoods from India. When perusing this table the footnote explaining the exact areas covered by the territories mentioned should be carefully studied. The preponderance of coloured goods in the total piecegoods export trade is very striking.

Table 31 contains information similar to that given in *Table 30* but for the Port of Bombay.

Tables 32 and 33.—Statements showing the re-exports of piecegoods and yarn from India and Bombay respectively. The figures show that the bulk of the re-exports of cotton piecegoods pass through Bombay.

Tables 34 and 35.—Statements showing the quantities of cloth and yarn available for consumption in India. These tables are among the most interesting and instructive statistics ever published concerning the extent of the Indian market for yarn and piecegoods. The figures showing the balance of yarn available for consumption in India to some extent give an indication as to the importance of the handloom weaving industry of India.

Tables 36 to 39 (both inclusive) contain information extracted from the publications issued by the Japan Cotton Spinners' Association and indicate very clearly the phenomenal progress made by the Japanese Cotton Textile Industry during the last decade.

Table 40 is extracted from the statistics published by the British Board of Trade and indicates the relative importance of the three chief Presidency Ports of India in the yarn and piecegoods import trade. It should be noted that the figures for the Port of Bombay as given in this table are not strictly comparable with the Government of India statistics for that port on which all other tables relating to Bombay in this section are based.

TABLE No. 1.

SPINDLES AND LOOMS SET UP IN INDIA, THE UNITED
STATES OF AMERICA, GREAT BRITAIN, GERMANY,
CHINA AND JAPAN.

The following figures have been obtained from various sources and may be taken as being approximately correct. In order, however, to make the record as complete as possible, the Committee of the Association will be obliged, if members and others who have any additional particulars available will kindly forward them to the Secretary for inclusion in any future statements that may be published :—

SPINDLES.

Year.	India.	United States of America.	Great Britain.	Germany.	Japan.	China.
1886	2,261,561	....	42,700,000	....	....	....
1887	2,421,290	....	42,740,000	....	....	....
1888	2,488,851	....	43,000,000	....	....	....
1889	2,762,518	....	43,500,000	....	....	....
1890	3,274,196	14,384,180	43,750,000	....	....	....
1891	3,351,694	14,640,000	44,750,000	....	....	....
1892	3,402,232	15,200,000	45,270,000	....	385,314	....
1893	3,575,917	15,700,000	45,270,000	....	381,781	....
1894	3,649,736	16,100,000	45,190,000	....	530,074	....
1895	3,809,929	16,650,000	45,400,000	6,571,332	580,945	....
1896	3,932,946	17,333,396	44,900,000	....	692,384	....
1897	4,065,618	18,228,991	44,500,000	....	768,328	....
1898	4,259,720	18,434,244	44,900,000	7,115,500	1,027,817	....
1899	4,728,333	19,329,092	45,600,000	....	1,170,337	....
1900	4,945,783	19,472,232	45,600,000	8,031,400	1,274,000	550,000
1901	5,006,936	20,196,835	46,100,000	8,434,601	1,234,976	....
1902	5,006,965	20,907,212	49,727,107	....	1,230,697	....
1903	5,043,297	21,212,827	49,700,000	....	1,381,306	....
1904	5,118,121	22,197,522	49,500,000	....	1,345,585	....
1905	5,163,486	22,861,043	50,964,874	8,832,016	1,426,594	....
1906	5,279,595	24,628,379	52,796,230	9,121,259	1,472,253	....
1907	5,333,275	25,681,509	52,585,362	9,730,209	1,540,452	750,000
1908	5,756,020	26,133,442	55,218,024	9,850,209	1,795,879	....
1909	6,053,231	27,914,085	57,026,422	10,162,872	1,954,892	....
1910	6,195,671	28,299,482	57,731,829	10,200,000	2,099,764	....
1911	6,357,460	29,064,492	58,002,435	10,480,090	2,170,796	831,000
1912	6,463,929	29,962,713	58,140,220	10,725,732	2,176,748	833,112
1913	6,596,862	30,579,000	58,481,000	10,920,426	2,414,499	947,406
1914	6,778,895	32,227,840	59,317,187	10,162,872	2,657,174	1,000,000
1915	6,848,744	32,400,792	59,905,000	10,163,000	2,807,514	....
1916	6,839,877	32,653,164	59,811,222	....	2,875,904	1,029,218
1917	6,738,697	33,535,000	60,973,000	....	3,060,478	1,126,568
1918	6,653,871	34,219,156	57,685,841	....	3,227,678	....
1919	6,689,680	34,648,928	59,182,683	....	3,488,262	1,416,556
1920	6,763,076	34,946,721	60,079,394	8,262,872	3,813,680	1,585,300
1921	6,870,804	35,632,193	60,053,246	8,693,221	4,161,126	1,650,000
1922	7,331,219	36,584,487	58,712,303	9,400,000	4,517,612	1,888,348
1923	7,927,938	37,397,000	59,819,000	9,605,000	4,436,798	3,581,214
1924	8,313,273	37,924,000	59,511,000	10,060,000	5,125,696	3,569,440
1925	8,510,683	37,833,000	59,903,000	10,060,000	5,447,184	3,414,062
1926	8,714,168	37,650,000	60,285,000	10,300,000	5,879,852	3,461,152
1927	8,702,760	37,483,000	60,466,000	10,900,000	6,116,266	3,588,483
1928	8,704,172	36,824,000	60,042,000	11,020,000	6,467,174	3,688,483
1929	8,907,064	36,216,000	59,134,000	11,155,000	6,836,516	3,638,098
1930	9,124,768	35,663,000	57,712,000	11,260,000	7,214,001	3,664,120
1931	9,311,953	33,325,000	57,575,522	10,838,000	7,535,146	3,969,552
1932	9,506,083	32,109,000	53,443,684	10,233,000	7,964,850	4,497,902
1933	9,580,658	30,685,000	51,525,314	9,846,000	8,643,928	4,498,000
1934	9,613,174	30,329,000	47,182,560	9,900,000	9,530,574	4,904,788
1935	9,685,775	29,717,000	45,056,787	9,900,000	10,649,048	5,171,600
1936	9,856,658	28,598,538	42,641,685	9,900,000	12,139,408	5,172,000
1937	9,730,798	27,128,413	41,102,514	10,200,000	12,567,296	5,526,847
1938	10,020,275	25,934,590	38,807,925	11,065,000	12,776,220	5,635,068

Note.—The figures for India are taken from the Association's Mill Statement.

The figures for Japan are taken from the half-yearly publication of the Japan Cotton Spinners' Association.

The rest of the figures are taken from the Comtelburo Year Book.

TABLE No. 2.
LOOMS.

Year.				India.	United States of America.	Great Britain.	Germany.	Japan.	China.
1886	..	..	..	17,455	....	....	....	....	....
1887	..	..	..	18,536	....	....	....	....	....
1888	..	..	..	19,496	....	....	....	....	....
1889	..	..	..	21,561	....	....	....	....	....
1890	..	..	..	23,412	....	....	....	....	....
1891	..	..	..	24,531	....	....	....	....	....
1892	..	..	..	25,444	....	660,000	....	....	....
1893	..	..	..	28,164	....	....	....	....	....
1894	..	..	..	31,154	....	....	....	....	....
1895	..	..	..	35,338	362,067	606,585	245,000	5,000	....
1896	..	..	..	37,270	354,358	....	....	....	....
1897	..	..	..	37,584	379,341	....	....	2,852	....
1898	..	..	..	38,013	384,745	....	240,000	2,798	....
1899	..	..	..	39,069	392,690	....	....	2,757	....
1900	..	..	..	40,124	439,465	648,820	211,818	5,045	....
1901	..	..	..	41,180	411,106	....	211,818	....	....
1902	..	..	..	42,584	477,072	....	....	....	....
1903	..	..	..	44,092	488,760	684,000	....	5,043	....
1904	..	..	..	45,337	503,027	....	....	5,085	....
1905	..	..	..	50,139	515,006	704,357	230,200	8,140	....
1906	..	..	..	52,668	525,630	704,357	230,200	9,601	....
1907	..	..	..	58,436	536,815	725,221	....	9,462	....
1908	..	..	..	67,920	546,160	736,325	....	11,146	....
1909	..	..	..	76,898	555,398	739,382	....	13,813	....
1910	..	..	..	82,725	625,719	741,197	230,200	17,702	....
1911	..	..	..	85,352	633,909	741,260	....	20,431	....
1912	..	..	..	88,951	671,873	758,712	....	21,898	3,738
1913	..	..	..	94,136	709,255	786,205	....	24,224	4,755
1914	..	..	..	104,179	696,387	805,452	230,200	25,443	....
1915	..	..	..	108,009	689,840	808,145	....	30,068	....
1916	..	..	..	110,268	719,358	808,796	....	31,295	4,755
1917	..	..	..	114,621	725,366	807,543	....	36,181	5,853
1918	..	..	..	116,484	712,426	787,679	....	40,391	....
1919	..	..	..	118,221	700,620	790,936	....	44,401	7,193
1920	..	..	..	119,012	708,079	798,083	190,200	50,583	7,660
1921	..	..	..	123,783	719,120	790,399	190,200	54,994	....
1922	..	..	..	134,620	707,469	799,000	190,200	60,893	10,814
1923	..	..	..	144,794	744,686	795,244	240,700	64,460	22,477
1924	..	..	..	151,485	760,625	791,674	240,700	68,579	21,644
1925	..	..	..	154,202	762,808	788,197	240,700	73,381	25,934
1926	..	..	..	159,464	760,133	786,309	240,700	77,043	22,924
1927	..	..	..	161,952	745,520	767,524	250,000	78,352	24,047
1928	..	..	..	166,532	747,379	754,940	250,000	81,209	25,980
1929	..	..	..	174,992	736,379	739,887	250,000	77,898	29,788
1930	..	..	..	179,250	720,177	703,878	250,000	79,466	29,582
1931	..	..	..	182,429	658,604	657,864	230,000	77,782	29,582
1932	..	..	..	186,341	646,764	624,629	230,000	79,277	33,580
1933	..	..	..	189,040	625,445	601,750	267,000	86,343	33,580
1934	..	..	..	194,388	608,815	580,153	225,000	91,146	42,596
1935	..	..	..	198,867	600,837	517,460	225,000	95,982	42,834
1936	..	..	..	200,062	575,366	499,703	225,000	100,543	42,834
1937	..	..	..	197,810	540,233	471,258	225,000	*332,564	52,009
1938	..	..	..	200,286	501,415	461,209	236,000	*332,564	58,439

(Please see foot-note to previous table.)

* Includes narrow width looms.

TABLE No. 3.
PROGRESS OF COTTON MILL INDUSTRY IN INDIA.

Year.	BOMBAY CITY AND ISLAND.										ALL-INDIA.									
	Average Working.				Cotton Consumed.	Yarn Spun.	Cloth Woven.	Average Number of hands employed.	Average Working.				Cotton Consumed.	Yarn Spun.	Cloth Woven.	Average Number of hands employed.				
	Spindles.		Looms.						Spindles.		Looms.									
	1	2	3	4	5	6	1	2	3	4	5	6								
	Year ending 30th June.				Year ending 31st March. (in yds.)	Year ending 30th June.	Year ending 31st August.				Year ending 30th June.	Year ending 31st March. (in yds.)	Year ending 30th June.							
1910	2,439,869	36,148	984,058	825,197	532,224,755	104,550	5,290,473	69,599	2,109,000	1,568,410	963,869,482	233,024								
1911	2,493,163	38,380	933,450	801,068	593,224,913	104,500	5,392,691	73,549	1,905,866	1,524,318	1,042,741,653	230,649								
1912	2,556,706	39,639	1,077,616	819,102	622,451,272	109,091	5,493,477	77,074	2,050,102	1,562,575	1,136,151,590	243,637								
1913	2,567,810	39,975	1,072,210	909,202	642,101,710	110,933	5,736,701	82,577	2,096,016	1,721,182	1,220,442,545	253,786								
1914	2,597,913	41,643	1,078,038	887,561	592,366,008	109,860	5,848,283	85,158	2,143,126	1,706,942	1,164,291,588	260,276								
1915	2,455,468	41,667	1,026,050	805,383	562,322,867	111,924	5,704,320	86,868	2,102,632	1,629,961	1,135,707,952	265,346								
1916	2,551,736	47,250	1,096,174	941,857	771,266,499	118,393	5,900,896	95,965	2,197,718	1,806,061	1,441,514,550	274,361								
1917	2,736,014	52,421	1,134,814	889,748	830,185,157	125,713	6,067,770	100,824	2,198,164	1,702,768	1,578,132,789	276,771								
1918	2,671,450	52,887	1,068,492	893,221	933,137,872	124,199	5,987,685	101,141	2,085,678	1,651,439	1,614,126,458	282,227								
1919	2,652,115	52,320	999,756	765,475	757,903,744	126,368	6,046,323	102,977	2,044,230	1,537,601	1,450,726,160	293,277								
1920	2,814,718	54,664	957,150	794,297	803,292,197	140,208	6,238,771	105,169	2,152,318	1,589,400	1,639,779,227	311,078								
1921	2,896,926	57,159	1,060,598	856,141	836,506,933	147,740	6,407,037	111,708	2,120,230	1,650,006	1,580,849,746	332,179								
1922	2,952,183	58,848	1,074,198	871,736	921,926,856	149,224	6,549,112	117,318	2,203,540	1,733,929	1,731,573,296	343,723								
1923	3,013,593	60,808	1,059,630	870,248	970,284,518	148,771	6,766,218	120,806	2,151,698	1,764,733	1,725,284,187	347,380								
1924	2,929,786	62,087	821,466	673,966	855,883,035	148,414	6,962,553	128,320	1,917,748	1,521,569	1,701,574,355	356,887								
1925	3,181,654	66,329	994,732	818,857	986,028,304	153,009	7,454,161	135,516	2,226,310	1,798,475	1,970,446,852	367,877								
1926	2,860,076	63,403	777,970	654,906	871,840,734	149,099	7,264,234	136,033	2,113,384	1,716,068	1,954,462,650	373,508								
1927	2,951,513	69,684	994,500	862,147	1,135,020,515	154,698	7,521,636	146,200	2,417,412	2,017,790	2,258,716,065	384,623								
1928	1,826,026	45,464	568,848	796,867	1,131,520,832	129,275	6,505,175	126,235	2,009,782	2,022,351	2,356,564,805	360,921								
1929	2,108,747	47,668	630,978	384,382	537,402,790	166,710	6,957,369	133,882	2,161,166	1,620,740	1,893,268,655	346,925								
1930	2,803,936	64,397	877,492	658,042	888,944,315	136,774	7,979,454	156,662	2,573,714	2,083,899	2,418,981,049	384,022								
1931	2,702,848	62,748	839,388	677,266	967,586,025	129,057	8,093,714	157,609	2,633,176	2,168,196	2,561,133,035	395,475								
1932	2,715,889	61,883	920,730	803,974	1,216,886,366	129,534	8,323,082	161,340	2,911,264	2,410,016	2,989,891,101	403,226								
1933	2,430,854	58,870	797,976	782,304	1,210,597,547	119,943	8,202,149	162,818	2,837,158	2,541,946	3,169,898,499	400,005								
1934	2,043,596	48,764	613,014	606,619	923,057,741	95,007	7,845,077	158,802	2,703,990	2,302,652	2,945,051,727	384,938								
1935	2,393,324	57,208	885,252	663,469	1,025,360,827	111,147	8,441,464	174,114	3,123,414	2,501,889	3,397,456,046	414,184								
1936	2,305,970	57,783	836,460	762,092	1,236,204,871	109,670	8,504,406	177,935	3,109,618	2,645,742	3,571,370,903	417,803								
1937	2,322,151	58,978	828,184	691,490	1,156,084,569	109,479	8,441,001	177,810	3,146,752	2,635,292	3,571,987,090	417,276								
1938	2,584,583	62,812	1,036,992	826,503	1,376,127,887	118,993	8,901,635	183,388	3,662,648	2,898,781	4,084,276,363	437,690								

NOTE.—Columns 1, 2 and 3.—Figures taken from the Association's Mill Statement.

Columns 4 and 5.—Are taken from "Monthly Statistics of Spinning and Weaving" published by the Government of India.

Column 6.—Same as columns 1, 2 and 3.

Production was at a standstill in all the mills in the Bombay City and Island for about 2 months in 1924 (end of January to March) and for a further period of 2½ months in 1925-26 (Sep. 15th to 1st Dec.) and again for about 6 months in 1928 (April 15th to first week of October) and for about 4½ months in 1929 (26th April to the middle of September).

TABLE No. 4.

THE WORLD'S COTTON CROPS, 1914-15 to 1937-38 (TODD'S).

(Bales approximately 500 lbs.)

(000's omitted.)

Years.	America (Linters included.)	India*.	Egypt.	Russia.	China.	Others.	Total.	Percentage on 1914-15.
1914-15 ..	16,992	5,209	1,298	1,244	2,333	1,154	28,212	100
1915-16 ..	12,123	3,738	961	1,407	2,057	984	21,270	76
1916-17 ..	12,781	4,489	1,022	1,110	1,714	1,027	22,143	79
1917-18 ..	12,428	4,000	1,262	603	1,863	1,086	21,242	76
1918-19 ..	12,970	3,972	964	420	2,203	1,298	21,827	78
1919-20 ..	12,029	5,796	1,114	274	1,914	1,485	22,612	81
1920-21 ..	13,880	3,600	1,206	66	1,829	1,326	21,907	78
1921-22 ..	8,351	4,485	972	42	1,488	1,263	16,601	59
1922-23 ..	10,370	5,073	1,243	52	2,249	1,380	20,367	72
1923-24 ..	10,808	5,161	1,306	214	1,931	1,600	21,020	74
1924-25 ..	14,525	6,088	1,455	458	2,104	1,904	26,534	94
1925-26 ..	17,219	6,215	1,593	741	2,044	1,991	29,803	106
1926-27 ..	19,135	5,024	1,530	785	1,691	1,988	30,153	107
1927-28 ..	13,972	5,963	1,219	1,025	1,833	1,803	25,815	92
1928-29 ..	15,760	5,782	1,602	1,174	2,394	2,105	28,817	102
1929-30 ..	16,066	5,243	1,706	1,279	2,055	2,118	28,467	101
1930-31 ..	14,918	5,224	1,655	1,589	2,317	1,873	27,576	98
1931-32 ..	18,163	4,007	1,271	1,846	1,733	2,060	29,080	103
1932-33 ..	13,914	4,657	991	1,757	2,195	1,866	25,380	90
1933-34 ..	14,029	5,068	1,715	1,846	2,633	2,878	28,337	100
1934-35 ..	10,638	4,858	1,511	1,772	3,033	3,407	25,577	90
1935-36 ..	11,727	5,933	1,707	2,347	2,410	4,498	28,622	99
1936-37 ..	13,806	6,317	1,821	3,550	3,741	4,415	33,650	119
1937-38† ..	20,646	(a) 5,663	2,202	3,782	3,083	5,209	40,585	144

* 400-lb. bales.

(a) Excludes Burma.

† Estimates.

NOTE.— Figures taken from the "Bombay Cotton Annual" issued by the East India Cotton Association.

TABLE No. 5.

PRODUCTION AND CONSUMPTION OF RAW COTTON IN INDIA.

(Indian Trade Journal dated 4th May 1939.)

The following statement compares the estimates of the total outturn of cotton in India for the last two years with the sum of exports and internal consumption. The figures are those compiled by the Indian Central Cotton Committee and refer in the case of mills in British provinces to Indian cotton alone. The estimate of mill consumption in Indian States refers to all cotton, but it has been ascertained from the Indian Central Cotton Committee that the amount of foreign cotton consumed in Indian States is negligible. Import figures have not therefore been taken into consideration for the purposes of the comparison set forth below. A conventional estimate has as usual been made for extra factory or local consumption. It should be borne in mind that estimates of the "Carry-over" from one year to another have not been taken into account owing to complete information not being available regarding stocks.*

	YEAR ENDING 31ST AUGUST	
	1937. Thousand bales (400 lbs.)	1938. Thousand bales (400 lbs.)
Exports to United Kingdom	587	362
„ to Continent (Europe excluding United Kingdom) ..	1,107	724
„ to China	26	66
„ to Japan	2,407	813
„ to Other Countries	140	135
Total ..	4,267	2,100
Home Consumption—		
Mills†	2,631	2,994
Extra—factory or local‡	450	450
Total ..	3,081	3,444
Approximate crop	7,348	5,544
Estimated in forecast	6,234	5,779
Excess (-) or deficit (—) neglecting carry-over	+1,114	—235

* Stocks of cotton in Bombay were 876,000 bales on 31st August 1938 and 755,000 bales on 31st August 1937.

† The figure of mill consumption is that compiled by the Indian Central Cotton Committee, Bombay, mainly on the basis of returns made under the Indian Cotton Cess Act.

‡ Conventional estimate.

TABLE No. 6.

STATEMENT SHOWING THE STOCKS OF COTTON HELD BY INDIAN MILLS ON 1ST AUGUST 1938 AND ON 1ST FEBRUARY 1939.

(In bales regardless of weight.)

	Bombay City and Island.		All-India.	
	1-8-38.	1-2-39.	1-8-38.	1-2-39.
COTTON MILL STOCKS. (In actual bales regardless of weight.)				
(a) American (Linters and waste not included)	53,263	40,633	58,874	57,028
(b) East India	286,618	208,108	1,308,563	1,040,857
(c) Egyptian	7,086	5,460	25,968	23,245
(d) Sundries	42,412	38,827	114,952	96,925
Total ..	389,379	293,028	1,508,357	1,218,055

Figures from the Cotton Census taken at the request of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

(Figures are approximations.)

TABLE No. 7.

The following Table gives details of cotton arrivals into Bombay during the 1937-38 season compared with the total of the nine previous years. (Actual weight converted into bales of 3½ cwts. each.) (Season ending 31st August in each case.)
 Note.—The following figures are extracted from the daily returns issued by the Bombay Chamber of Commerce.

	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.
Khandeish	365,837	294,922	324,940	121,806	220,402	326,265	254,473	308,848	206,505	53,986
Central India	392,022	411,394	339,182	118,798	208,096	243,550	110,745	291,231	338,845	53,231
Barsi Nagar and Hyderabad Gaorani	348,875	355,162	255,074	103,145	190,544	222,445	155,618	217,960	276,179	190,816
Berar	792,419	731,747	593,289	250,475	471,173	502,736	403,738	344,040	579,602	335,987
Central Provinces	393,745	406,227	373,926	75,094	136,713	117,698	96,808	99,823	114,551	87,123
Dholleras	249,115	198,899	281,614	250,430	297,573	156,431	196,518	335,935	183,099	160,279
N. W. Provinces	62,338	140,446	93,552	26,970	8,246	9,184	35,306	63,996	10,399	3,112
Rajputana	51,886	58,599	53,365	56,570	84,484	61,623	51,925	115,558	97,443	16,929
Sind-Punjab	135,491	153,145	124,112	140,672	107,256	190,913	335,372	473,626	354,809	528,924
Broach	196,453	287,060	303,695	260,317	327,831	252,100	133,579	413,597	343,200	267,780
Compta Dharwar	137,799	160,648	98,274	86,693	96,406	92,421	94,076	112,062	74,887	86,276
Western Northern	67,321	71,241	49,378	48,586	75,428	65,472	74,629	78,565	40,743	30,522
Cocanada	6	103	24	10	115	475	435	201	155	23
Tinnevelly and Cambodia	40,357	46,250	42,670	16,851	61,326	52,368	86,593	20,629	22,333	9,639
Persians	1,774	704	1,438	2,951	8,063	2,829	2,686	9	14	..
Americans	11,719	15,889	140,296	280,808	75,196	26,622	75,235	27,023	20,546	178,188
Egyptians	1,636	12,387	148,947	121,032	32,745	49,971	134,623	81,236	181,525	207,314
East Africans	107,747	134,533	179,473	133,162	133,448	143,304	258,070	185,218	284,248	341,809
Comilla, Burnah and Other Sorts	47	858	792	322	188	28	1,155	482	246	1,240
TOTAL	3,356,587	3,480,214	3,403,951	2,094,692	2,535,233	2,516,435	2,501,584	3,170,039	3,129,329	2,553,178

TABLE No. 8.

STATEMENT SHOWING THE WEEKLY PRICES OF COTTON IN BOMBAY
(IN RUPEES PER CANDY OF 784 lbs.)

The figures are extracted from the Weekly Statistics of the East India Cotton Association, Ltd.

Week ending:	BENGAL F. G.		BROACH.		OOMRA FINE.	
	Price.	Delivery.	Price.	Delivery.	Price.	Delivery.
6th January 1938	138	Spot	173	Apl./May	162	Spot
13th "	141	"	176	"	163	"
20th "	141	"	172	"	158	"
27th "	135	"	168	"	153	"
3rd February	138	"	172	"	159	"
10th "	138	"	175	"	159	"
17th "	138	"	176	"	160	"
24th "	139	"	181	"	165	"
3rd March	134	"	178	"	161	"
10th "	130	"	171	"	154	"
17th "	131	"	170	"	152	"
24th "	128	"	164	"	146	"
31st "	127	"	163	"	148	"
7th April	124	"	158	"	145	"
14th "	123	"	160	"	146	"
21st "	124	"	162	"	148	"
28th "	124	"	163	"	148	"
5th May	117	"	158	"	142	"
12th "	119	"	160	"	145	"
19th "	117	"	158	"	144	"
26th "	113	"	152	July/Aug.	136	"
2nd June	106	"	144	"	129	"
9th "		Market closed				
16th "	108	Spot	144	July/Aug.	131	"
23rd "	115	"	149	"	138	"
30th "	114	"	149	"	137	"
7th July	122	"	158	"	147	"
14th "	119	"	151	"	141	"
21st "	121	"	153	"	144	"
28th "	123	"	154	"	142	"
4th August	119	"	150	"	141	"
11th "		Market closed				
18th "	113	Spot	141	July/Aug.	137	"
25th "	112	"	143	"	137	"
1st September	120	Dec/Jan.	159	Apl./May	141	Dec/Jan.
8th "	118	"	156	1939	139	"
15th "	114	"	152	"	136	"
22nd "	115	"	153	"	136	"
29th "	114	"	152	"	136	"
6th October	119	"	157	"	141	"
13th "	116	"	155	"	139	"
20th "	116	"	152	"	136	"
27th "	116	"	154	"	138	"
3rd November	118	"	155	"	140	"
10th "	119	"	156	"	141	"
17th "	122	"	158	"	145	"
24th "		Market closed				
1st December	123	Spot	161	"	148	"
8th "	119	"	157	"	144	"
15th "	125	"	159	"	149	"
22nd "	125	"	159	"	147	"
29th "	126	"	161	"	148	"

TABLE No. 9.

STOCKS OF YARN AND CLOTH HELD BY BOMBAY MILLS.

The following table shows the stocks of Yarn and Cloth held by Bombay Mills compiled from returns received by the Association :—

						YARN STOCKS IN BALES.			CLOTH STOCKS IN BALES.		
						Approximation of stocks for all Bombay Mills.			Approximation of stocks for all Bombay Mills.		
Date of Returns.						Sold but delivery not taken.	Unsold.	Total unclear- ed.	Sold but delivery not taken.	Unsold.	Total unclear- ed.
1935.											
January 31st	..	..	..	..	..	6,000	5,000	11,000	46,000	22,000	68,000
February 28th	..	..	..	..	..	8,000	6,000	14,000	53,000	23,000	76,000
March 31st	..	..	..	..	..	10,000	8,000	18,000	56,000	24,000	80,000
April 30th	..	..	..	..	..	12,000	5,000	17,000	54,000	24,000	78,000
May 31st	..	..	..	..	..	11,000	6,000	17,000	58,000	23,000	81,000
June 30th	..	..	..	..	..	11,000	8,000	19,000	72,000	26,000	98,000
July 31st	..	..	..	..	..	11,000	7,000	18,000	79,000	27,000	106,000
August 31st	..	..	..	..	..	12,000	8,000	20,000	86,000	26,000	112,000
September 30th	..	..	..	..	..	12,000	7,000	19,000	73,000	24,000	97,000
October 31st	..	..	..	..	..	11,000	5,000	16,000	61,000	23,000	84,000
November 30th	..	..	..	..	..	11,000	7,000	18,000	61,000	24,000	85,000
December 31st	..	..	..	..	..	11,000	10,000	21,000	64,000	28,000	92,000
1936.											
January 31st	..	..	..	..	..	11,000	13,000	24,000	67,000	31,000	98,000
February 29th	..	..	..	..	..	10,000	13,000	23,000	69,000	31,000	100,000
March 31st	..	..	..	..	..	10,000	13,000	23,000	69,000	33,000	102,000
April 30th	..	..	..	..	..	12,000	11,000	23,000	68,000	32,000	100,000
May 31st	..	..	..	..	..	12,000	11,000	23,000	74,000	33,000	107,000
June 30th	..	..	..	..	..	12,000	12,000	24,000	84,000	34,000	118,000
July 31st	..	..	..	..	..	13,000	9,000	22,000	95,000	35,000	130,000
August 31st	..	..	..	..	..	12,000	10,000	22,000	104,000	34,000	138,000
September 30th	..	..	..	..	..	11,000	9,000	20,000	94,000	34,000	128,000
October 31st	..	..	..	..	..	9,000	9,000	18,000	73,000	31,000	104,000
November 30th	..	..	..	..	..	9,000	7,000	16,000	57,000	26,000	83,000
December 31st	..	..	..	..	..	10,000	6,000	16,000	54,000	24,000	78,000
1937.											
January 31st	..	..	..	..	..	10,000	5,000	15,000	54,000	19,000	73,000
February 28th	..	..	..	..	..	11,000	5,000	16,000	53,000	18,000	71,000
March 31st	..	..	..	..	..	12,000	6,000	18,000	47,000	18,000	65,000
April 30th	..	..	..	..	..	12,000	5,000	17,000	45,000	16,000	61,000
May 31st	..	..	..	..	..	11,000	6,000	17,000	51,000	14,000	65,000
June 30th	..	..	..	..	..	10,000	5,000	15,000	60,000	13,000	73,000
July 31st	..	..	..	..	..	8,000	5,000	13,000	70,000	12,000	82,000
August 31st	..	..	..	..	..	7,000	4,000	11,000	73,000	12,000	85,000
September 30th	..	..	..	..	..	6,000	2,000	8,000	58,000	9,000	67,000
October 31st	..	..	..	..	..	7,000	3,000	10,000	52,000	10,000	62,000
November 30th	..	..	..	..	..	9,000	4,000	13,000	49,000	9,000	58,000
December 31st	..	..	..	..	..	12,000	5,000	17,000	50,000	12,000	62,000
1938.											
January 31st	..	..	..	..	..	15,000	4,000	19,000	56,000	9,000	65,000
February 28th	..	..	..	..	..	16,000	4,000	20,000	64,000	10,000	74,000
March 31st	..	..	..	..	..	15,000	5,000	20,000	62,000	12,000	74,000
April 30th	..	..	..	..	..	17,000	5,000	22,000	65,000	13,000	78,000
May 31st	..	..	..	..	..	18,000	8,000	26,000	72,000	12,000	84,000
June 30th	..	..	..	..	..	21,000	7,000	28,000	91,000	15,000	106,000
July 31st	..	..	..	..	..	22,000	6,000	28,000	105,000	17,000	122,000
August 31st	..	..	..	..	..	24,000	7,000	31,000	113,000	19,000	132,000
September 30th	..	..	..	..	..	23,000	7,000	30,000	107,000	19,000	126,000
October 31st	..	..	..	..	..	24,000	8,000	32,000	102,000	19,000	121,000
November 30th	..	..	..	..	..	24,000	8,000	32,000	98,000	21,000	119,000
December 31st	..	..	..	..	..	24,000	9,000	33,000	105,000	24,000	129,000

TABLE No. 10.
AVERAGE WHOLESALE PRICES OF PIECEGOODS AND YARN
PRODUCED BY BOMBAY MILLS.

Date.	PIECEGOODS.			YARN.	
	Longcloth.	T. Cloths.	Chadars.	Twist. No. 10's.	Twist. No. 20's.
	As.	As.	As.	As.	As.
Year ending December 31st, 1905 ..	9.39	9.56	9.30	5 29/32	7.0
Year ending December 31st, 1906 ..	9.46	9.45	9.38	5 29/32	7 5/16
Year ending December 31st, 1907 ..		Not Available.			
Year ending December 31st, 1908 ..	9 7/16	9 1/16	8 15/16	5 3/32	6 1/4
Year ending December 31st, 1909 ..		Not Available.			
Year ending December 31st, 1910 ..	9 15/16	9 3/16	9 3/16	6 27/32	7 13/16
Year ending December 31st, 1911 ..		Not Available.			
Year ending December 31st, 1912 ..	10 13/16	10 8/16	9 7/16	7 5/32	8 1/4
Year ending December 31st, 1913 ..		Not Available.			
Year ending December 31st, 1914 ..	9 1/2	9 3/16	9 5/16	5 5/8	6 23/32
Year ending December 31st, 1915 ..	9 1/16	8 7/16	8 7/16	5	6 1/32
Year ending December 31st, 1916 ..	11 1/2	11 1/2	10 8/16	6 7/16	8 9/32
Year ending December 31st, 1917 ..	17 1/2	16 3/16	14 15/16	9 7/16	12 29/32
Year ending December 31st, 1918 ..	29 1/8	26 8/16	25 1/2	16 29/32	20 31/32
Year ending December 31st, 1919 ..	26 8/16	24 9/16	24 1/2	16 19/32	21 3/16
Year ending December 31st, 1920 ..	29 3/4	27 3/4	27 9/16	16 11/16	24 1/4
Year ending December 31st, 1921 ..	26 3/16	24 8/16	24 5/16	12 9/32	17
Year ending December 31st, 1922 ..	25 11/32	22 3/4	23 1/8	12 1/2	16 15/16
Year ending December 31st, 1923 ..	21 3/8	19 15/16	19 13/16	12 1/16	15 19/32
Year ending December 31st, 1924 ..	22 3/4	21 1/8	20 9/16	14 1/2	17 11/32
Year ending December 31st, 1925 ..	19 1/4	18 9/16	18 1/8	12 3/32	13 31/32

TABLE No. 10—contd.

AVERAGE WHOLESALE PRICES OF GREY UNBLEACHED PIECEGOODS IN 1938.

	Longcloth Standard Quality 37×37½×9 Per lb.	Shirtings 35×38×9 Per lb.	Leopard Cloth 43×38×11½ Per lb.	Dhories (up to 4" Nakhi border), 32×9×11½ Per lb.	Dhories Calcutta 44×10×11½ Per lb.	Drills 29½×40×13½ Per lb.	Domestics 24×48×10 Per lb.	Domestics 26×61×11 Per lb.	Salita 40×66×25 Per lb.	Chadars 50×66×2½ Per lb.
Year ending 31st December, 1926 ..	Rs. a. p. 1 0 5	Rs. a. p. 0 15 5	Rs. a. p.	Rs. a. p. 1 0 5	Rs. a. p.	Rs. a. p. 0 14 0	Rs. a. p. 0 15 2	Rs. a. p. 0 14 9	Rs. a. p. 0 15 2	Rs. a. p. 0 15 6
Year ending 31st December, 1927 ..	0 15 1	0 14 6	.....	0 15 4	.....	0 12 7	0 13 10	0 13 10	0 13 10	0 14 4
Year ending 31st December, 1928 ..	0 15 4	0 14 9	.....	0 15 9	.....	0 12 11	0 14 9	0 14 6	0 14 5	0 14 3
Year ending 31st December, 1929 ..	0 15 5	0 14 9	.....	0 15 9	.....	0 13 1	0 15 0	0 14 11	0 14 6	0 14 11
Year ending 31st December, 1930 ..	0 12 9	0 12 2	.....	0 13 5	.....	0 10 5	0 12 9	0 12 3	0 11 11	0 12 6
Year ending 31st December, 1931 ..	0 11 3	0 10 6	.....	0 11 6	.....	0 9 3	0 11 6	0 11 0	0 10 6	0 11 0
Year ending 31st December, 1932 ..	0 11 0	0 10 6	.....	0 11 1	.....	0 8 10	0 10 6	0 10 7	0 10 6	0 10 9
Year ending 31st December, 1933 ..	0 10 4	0 9 9	.....	0 10 6	.....	0 8 5	0 9 7	0 10 0	0 9 10	0 10 1
Year ending 31st December, 1934 ..	0 10 3	0 9 9	.....	0 10 5	.....	0 8 6	0 10 3	0 10 5	0 9 9	0 10 1
Year ending 31st December, 1935 ..	0 10 0	0 9 9	0 9 7	0 10 0	0 14 6	0 8 5	(35×40×13½) 0 8 5	(35×40×12) 0 8 7	0 10 0	0 10 1
Year ending 31st December, 1936 ..	0 9 8	0 9 3	0 9 3	0 9 8	0 14 2	0 8 2	0 8 1	0 8 2	Not quoted	0 9 8
Year ending 31st December, 1937 ..	0 9 9	0 9 4	0 9 5	0 10 1	0 14 9	0 8 5½	0 8 3	0 8 2	"	0 9 9
Fortnight ending :—										
7th January, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 7	0 7 9	0 8 1	0 7 9	"	0 9 7
21st January, 1938 ..	0 9 8	0 9 2	0 9 3	0 10 3	0 14 8	0 7 9	0 8 2	0 7 9	"	0 9 8
4th February, 1938 ..	0 9 8	0 9 3	0 9 3	0 10 3	0 14 7	0 7 10	0 8 2	0 7 10	"	0 9 8
18th February, 1938 ..	0 9 8	0 9 3	0 9 3	0 10 3	0 14 7	0 7 11	0 8 2	0 7 10	"	0 9 8
4th March, 1938 ..	0 9 8	0 9 3	0 9 3	0 10 3	0 14 6	0 7 10	0 8 2	0 7 11	"	0 9 8
18th March, 1938 ..	0 9 8	0 9 2	0 9 3	0 10 3	0 14 6	0 7 10	0 8 2	0 7 11	"	0 9 8
1st April, 1938 ..	0 9 8	0 9 3	0 9 3	0 10 3	0 14 5	0 7 10	0 8 2	0 7 11	"	0 9 7
14th April, 1938 ..	0 9 6	0 9 2	0 9 2	0 10 3	0 14 5	0 7 10	0 8 1	0 7 10	"	0 9 8
29th April, 1938 ..	0 9 6	0 9 2	0 9 2	0 10 3	0 14 5	0 7 10	0 8 1	0 7 10	"	0 9 7
12th May, 1938 ..	0 9 6	0 9 2	0 9 2	0 10 3	0 14 5	0 7 10	0 8 1	0 7 10	"	0 9 7
27th May, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 5	0 7 10	0 8 1	0 7 10	"	0 9 7
10th June, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 7	0 7 10	0 8 0	0 7 10	"	0 9 9
24th June, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 5	0 7 10	0 8 0	0 7 10	"	0 9 9
8th July, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 3	0 7 10	0 8 0	0 7 10	"	0 9 9
22nd July, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 5	0 7 10	0 8 0	0 7 10	"	0 9 9
5th August, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 5	0 7 9	0 8 0	0 7 10	"	0 9 9
18th August, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 4	0 7 8	0 8 0	0 7 10	"	0 9 9
2nd September, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 4	0 7 8	0 8 0	0 7 10	"	0 9 9
16th September, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 4	0 7 8	0 8 0	0 7 10	"	0 9 9
30th September, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 2	0 7 8	0 8 0	0 7 10	"	0 9 9
14th October, 1938 ..	0 9 6	0 9 1	0 9 2	0 10 3	0 14 1	0 7 9	0 8 0	0 7 10	"	0 9 9
28th October, 1938 ..	0 9 5	0 9 1	0 9 1	0 10 3	0 14 1	0 7 8	0 7 11	0 7 10	"	0 9 9
11th November, 1938 ..	0 9 2	0 9 0	0 8 11	0 10 3	0 14 0	0 7 8	0 7 9	0 7 8	"	0 9 8
25th November, 1938 ..	0 9 2	0 9 0	0 8 11	0 10 3	0 14 0	0 7 8	0 7 9	0 7 8	"	0 9 6
9th December, 1938 ..	0 9 2	0 9 0	0 8 11	0 10 3	0 14 0	0 7 8	0 7 9	0 7 8	"	0 9 8
23rd December, 1938 ..	0 9 2	0 9 0	0 8 11	0 10 3	0 14 0	0 7 8	0 7 9	0 7 8	"	0 9 8

Note :—Figures extracted from the current quotations issued by the Association.

TABLE No. 11.

EXCHANGE VARIATIONS IN 1938 FOR TELEGRAPHIC TRANSFERS, DEMAND
DRAFTS AND THE PRICE OF SILVER.

1938.				Bombay/ London. Selling T. T. Rate.	Bombay/ Yokohama Per 100 yens Selling T. T. Rate.	Bombay/ Hongkong Per 100 dollars Selling D.D. Rate.	Bombay/ Shanghai Per 100 dollars. Selling D.D. Rate.	Bombay/ New York Per 100 dollars. Selling D.D. Rate.	Price in Bombay for 100 tolas of ready silver.
				s.	Rs.	Rs.	Rs.	Rs.	Rs. a. p.
Jany.	Highest	..	..	1/6 3/32	77½	84½	81	265½	50 15 0
	Lowest	..	..	1/6 3/32	77½	84½	80	265	48 6 6
Feby.	Highest	..	..	1/6 3/32	77½	84½	80	265½	51 1 6
	Lowest	..	..	1/6 3/32	77½	84½	80	263½	49 10 0
March	Highest	..	..	1/6 3/32	77½	84½	80	268½	51 15 0
	Lowest	..	..	1/6 3/32	77½	83	72½	264½	47 12 0
April	Highest	..	..	1/6 3/32	78½	85½	76½	270½	50 0 6
	Lowest	..	..	1/5 13/16	77½	83½	72	267	48 2 0
May	Highest	..	..	1/5 15/16	78½	85½	74	272½	49 13 6
	Lowest	..	..	1/5 13/16	78½	84½	62½	269½	49 0 6
June	Highest	..	..	1/5 25/32	79½	85½	62½	275	50 7 0
	Lowest	..	..	1/5 3/4	78½	85½	48	271½	49 4 6
July	Highest	..	..	1/5 29/32	79½	85½	52½	273	51 14 6
	Lowest	..	..	1/5 51/64	78½	85½	51½	271½	50 0 0
Aug.	Highest	..	..	1/5 59/64	79	86	50½	277½	51 7 6
	Lowest	..	..	1/5 13/16	78½	85½	46½	272½	50 6 6
Sept.	Highest	..	..	1/5 15/16	79	86	51½	285½	52 15 6
	Lowest	..	..	1/5 13/16	78½	85½	50	277½	49 14 6
Octr.	Highest	..	..	1/5 29/32	78½	85½	49½	283½	51 9 6
	Lowest	..	..	1/5 57/64	78½	84½	47	278	50 12 6
Novr.	Highest	..	..	1/5 29/32	78½	86½	48½	289½	51 8 6
	Lowest	..	..	1/5 57/64	78½	85½	47	281½	50 10 0
Decr.	Highest	..	..	1/5 29/32	78½	86½	50½	288	51 6 6
	Lowest	..	..	1/5 57/64	78½	86	48½	285½	50 6 0

NOTE.—These figures were supplied by Messrs. Premchand Roychand & Sons, Exchange Brokers, Bombay.

TABLE No. 12.
STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN INDIA.
(In thousands of pounds.)

	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.
BRITISH INDIA—																				
1 to 10	81,044	81,180	94,251	97,603	80,123	87,505	89,339	110,470	104,601	54,412	94,387	101,283	104,200	104,901	96,691	95,679	97,741	97,326	91,727	116,046
11 to 20	321,738	334,403	345,887	348,815	299,062	343,396	316,531	353,712	353,501	250,954	322,659	338,667	362,721	406,845	378,659	369,876	388,152	393,351	378,110	428,388
21 to 30	174,240	188,824	193,330	197,325	168,219	205,347	191,063	221,702	240,298	181,581	233,098	233,630	253,019	272,051	229,891	239,129	247,875	238,325	249,465	288,765
31 to 40	16,535	14,368	16,707	15,836	19,143	18,774	18,498	24,849	29,808	33,066	43,185	53,411	64,251	73,071	66,314	82,395	102,461	106,003	138,703	156,584
Above 40	3,542	2,067	2,364	2,195	3,255	5,809	5,816	10,292	11,685	9,200	13,839	22,751	31,987	34,245	34,040	39,018	51,953	51,409	75,528	85,266
Wastes	256	314	472	162	324	330	1,319	2,590	5,925	5,227	6,375	5,983	4,891	5,346	5,349	5,669	5,360	7,537	9,692	12,973
TOTAL	597,355	621,653	653,011	661,936	570,125	661,162	623,371	723,903	743,819	534,442	713,543	753,725	821,069	896,459	810,945	831,766	893,182	893,951	943,225	1,088,021
NATIVE STATES—																				
1 to 10	3,143	2,769	4,816	5,375	4,721	5,291	6,385	5,935	4,911	8,756	10,421	11,150	12,997	13,222	10,742	12,994	13,088	14,580	16,907	18,831
11 to 20	25,262	25,125	25,565	26,802	28,005	33,619	32,493	37,046	49,643	48,966	55,315	64,166	66,102	75,467	72,969	82,887	87,706	96,231	103,191	114,934
21 to 30	9,417	10,262	9,832	11,634	13,758	18,465	22,726	23,594	24,064	27,334	30,815	31,603	31,309	33,248	30,226	34,838	38,272	36,610	41,559	47,191
31 to 40	545	156	94	94	524	593	1,239	1,797	1,835	2,304	2,334	3,245	3,971	4,495	6,818	8,805	8,706	7,810	9,749	11,133
Above 40	18	....	26	....	6	14	18	142	212	254	373	861	1,174	1,749	2,435	3,289	4,694	5,657	5,758	6,347
Wastes	19	41	20	52	190	247	196	187	484	256	268	275	283	283	297	293	293	289	441	1,078
TOTAL	38,405	38,347	40,452	43,958	47,204	58,228	63,057	68,702	84,149	87,870	99,726	111,300	115,835	128,465	123,486	143,105	153,029	161,177	177,605	199,514
GRAND TOTAL, BRITISH INDIA AND NATIVE STATES—																				
1 to 10	84,188	83,943	99,067	102,978	84,843	92,796	95,724	116,415	112,512	63,168	104,809	112,432	117,197	118,123	107,432	108,673	110,830	111,905	108,634	134,877
11 to 20	347,000	359,527	371,452	375,617	327,067	377,015	349,024	390,759	403,144	299,920	377,974	402,833	428,823	482,312	451,629	432,762	475,859	489,582	481,301	543,322
21 to 30	183,657	199,085	203,162	208,959	181,977	223,812	213,789	245,295	264,382	208,915	263,913	265,233	284,328	305,298	260,117	273,966	286,147	274,935	291,024	335,956
31 to 40	17,080	15,024	16,900	15,930	19,667	19,368	19,737	26,646	31,643	35,370	45,719	56,657	68,222	77,566	73,132	91,201	111,166	113,813	148,452	167,717
Above 40	3,560	2,067	2,369	2,195	3,261	5,822	5,834	10,435	11,899	9,454	14,212	23,612	33,161	35,994	35,475	42,307	56,557	57,066	81,286	91,613
Wastes	275	355	492	214	514	578	1,515	2,777	6,409	5,433	6,643	6,255	5,174	5,630	5,646	5,962	5,653	7,826	10,133	14,050
GRAND TOTAL	635,760	660,003	693,463	705,894	617,329	719,390	686,428	792,606	829,968	622,312	813,269	867,925	936,904	1,024,974	934,431	974,871	1,046,212	1,055,128	1,120,830	1,287,535

* During the years 1923-24 and 1925-26 all the mills in the City and Island of Bombay were closed for about 2 months and 2½ months respectively.

§ During the year 1928 all the mills in the City and Island of Bombay were closed for about 6 months and for about 4½ months during 1929.

† Includes 805 lbs. for which details are not known.

‡ Do, 288 do.

Note.—The periods covered by all the Statistics included in the report are, unless otherwise stated, official years ending 31st March.

TABLE No. 13.
STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN BOMBAY CITY AND ISLAND.
(In thousands of pounds.)

Descriptions.	1919-20.	1920-21.	1921-22.	1922-23.	* 1923-24.	1924-25.	* 1925-26.	Calendar Year 1926.	Calendar Year 1927.	* Year 1928.	* Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.
Nos. 1 to 10..	56,406	58,242	71,274	74,226	56,123	61,164	56,982	75,498	66,095	28,436	54,055	54,381	53,321	52,094	44,725	37,822	43,497	37,566	36,221	44,022
Nos. 11 to 20..	173,435	183,839	175,505	171,828	125,910	156,150	116,959	152,442	142,755	58,298	105,706	103,861	115,740	128,178	97,266	90,480	112,848	105,349	103,152	115,441
Nos. 21 to 30..	81,274	94,134	94,753	95,406	79,538	98,955	79,114	102,169	110,397	48,697	81,295	85,229	101,541	103,225	76,754	76,990	94,587	80,129	94,655	115,770
Nos. 31 to 40..	5,161	5,178	6,000	5,587	6,605	7,961	5,885	8,858	11,290	8,024	12,891	20,517	27,206	33,468	22,040	27,200	37,685	34,372	51,136	57,874
Above 40 ..	1,405	921	989	1,028	1,338	3,212	2,503	3,834	5,306	2,769	4,768	9,053	12,351	13,487	10,180	13,514	18,702	18,739	28,696	33,458
Wastes, etc. ..	38	143	173	24	73	101	520	1,085	1,204	628	967	576	745	655	796	1,148	803	833	504	827
TOTAL ..	317,719	342,457	348,694	348,099	269,587	327,543	261,963	343,887	337,948	146,853	259,741	273,617	310,903	331,108	251,762	247,154	308,122	276,987	314,363	367,393

* Please see footnote to table 12 regarding strikes in Bombay Mills.

TABLE No. 14.
DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN INDIAN MILLS.
GRAND TOTAL, INDIA (British India and Indian States).
(Figures in thousands.)

Description.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.
GREY AND BLEACHED PIECEGOODS																				
Chaddars	68,099	59,194	59,428	63,202	58,003	61,614	62,076	65,106	66,659	55,669	65,342	57,500	54,520	59,690	54,161	59,115	57,848	67,764	66,126	71,898
Dhutis	337,602	340,128	455,637	431,145	399,214	458,404	516,394	530,425	614,199	551,131	736,666	829,348	941,393	1,050,443	999,906	1,073,325	1,220,306	1,156,286	1,145,572	1,447,386
Drills and Jeans ..	80,845	74,305	60,452	56,306	54,974	77,191	74,150	80,076	90,872	73,668	98,330	80,327	100,232	115,224	105,346	117,120	126,067	135,477	150,687	140,398
Cambrics and Lawns ..	8,473	5,951	7,347	5,554	3,649	5,395	3,167	3,135	4,998	5,204	3,132	17,236	37,574	68,582	70,925	112,652	132,317	115,635	181,543	170,394
Printers	29,837	28,284	35,622	39,073	34,831	32,777	25,872	22,513	20,876	21,630	18,731	19,394	21,764	16,008	18,403	18,922	19,136	12,300	23,221	18,083
Shirtings and Longcloth ..	444,501	456,240	487,034	470,549	443,848	525,524	521,126	587,363	612,076	466,134	581,417	605,150	769,607	787,789	714,640	827,316	845,047	856,409	1,062,890	1,061,792
T-cloth, Domestics and Sheetings ..	122,402	97,368	84,117	81,002	68,075	77,742	74,073	83,808	98,233	72,057	90,270	104,404	149,956	158,257	129,787	158,623	155,074	158,327	192,833	188,375
Tent Cloth	5,671	7,508	255	6,588	6,573	9,894	9,005	7,907	5,9	6,791	7,458	9,568	5,126	6,405	5,357	5,777	7,107	9,369	10,878	13,921
Khadi, Dungri or Khaddar ..	..	..	..	..	..	87,153	87,406	96,625	118,738	88,226	123,329	165,78	124,074	117,947	96,127	101,629	113,581	124,456	124,602	125,584
Other Sorts	66,649	60,886	87,859	118,371	128,488	46,675	41,035	43,406	43,252	33,573	41,960	39,587	49,532	59,103	62,771	75,962	79,357	90,661	119,788	130,827
Total	1,164,073	1,129,883	1,284,752	1,271,790	1,197,654	1,382,368	1,414,304	1,580,362	1,675,853	1,371,083	1,756,644	1,927,791	2,253,779	2,439,447	2,257,422	2,551,441	2,756,120	2,726,687	3,078,079	3,368,558
Coloured Piecegoods ..	475,706	450,967	446,822	453,494	503,420	588,078	540,157	645,153	695,996	486,149	600,741	566,315	646,703	763,775	686,002	734,366	798,014	801,711	872,078	986,552
Gray and Coloured Goods other than Piecegoods	659	707	629	1,213	514	611	956	1,074	956	781	1,155	913	782	911	900	920	1,174	1,196	1,575	1,409
Cotton Goods mixed with Silk or Wool	204	227	178	165	207	272	708	1,876	4,276	3,448	3,382	3,514	3,389	1,940	1,477	3,443	4,540	5,567	8,119	6,232
Grand Total	1,639,799	1,580,580	1,731,573	1,725,284	1,701,574	1,970,447	1,954,493	2,223,515	2,371,849	1,860,232	2,357,383	2,494,106	2,900,482	3,203,223	2,943,423	3,285,807	3,554,194	3,528,389	3,960,157	4,305,110
	659	707	629	1,213	514	611	956	1,074	956	781	1,155	913	782	911	900	920	1,174	1,196	1,575	1,409

Until the year 1924-25, Khadi, Dungri or Khaddar production was included in 'other sorts.'
Previous to 1st April 1926, the actual production figures of cloth were not recorded, the figures given in the tables relate to the quantities on which excise duty had become payable. (See Cotton Duties Act of 1896 for detailed interpretation of the term 'manufactured.') (Please see footnote to table 12 regarding strikes in Bombay Mills.)

TABLE No. 15.
DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN BOMBAY CITY AND ISLAND.
(Figures in thousands.)

Description of Goods.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.
GREY AND BLEACHED GOODS—																				
Chadars ..	Yds. 29,010	25,102	28,248	25,239	24,318	25,734	26,795	29,995	31,057	13,644	19,270	18,935	16,576	16,487	16,427	14,406	16,474	16,441	13,160	14,653
Dhuties ..	..	78,919	77,547	121,793	97,624	110,997	115,412	145,998	170,800	80,484	159,927	224,301	278,577	326,893	258,583	247,321	390,158	350,172	423,485	453,591
Drills and Jeans ..	..	50,170	46,034	35,504	33,294	49,907	38,408	41,323	58,202	36,514	55,743	46,294	66,263	71,944	61,017	61,199	62,576	64,868	71,425	71,106
Cambries and Lawns ..	..	3,897	2,470	4,448	1,560	2,443	1,449	340	1,856	2,216	840	4,176	14,706	14,634	13,603	26,789	41,078	35,702	75,716	69,985
Printers ..	..	449	376	1,479	1,674	280	105	927	..	..	26	13	1,047	933	321	..	..	..	3,796	2,022
Shirtings and Longcloths ..	..	255,628	270,724	311,600	289,340	278,940	306,770	371,738	380,759	179,243	272,161	319,384	414,754	436,910	331,573	330,702	387,196	367,825	480,569	470,016
T-Cloths, Domestics and Sheetings ..	..	82,792	66,848	53,722	48,427	39,457	45,034	42,230	46,105	18,233	25,345	33,133	66,817	68,290	55,833	56,407	55,087	61,788	67,603	60,345
Tent Cloth ..	..	2,745	2,924	2,499	1,924	1,488	2,261	2,399	1,330	1,626	1,842	1,644	698	1,205	814	461	1,198	1,488	1,453	2,435
Khadi, Dungri or Khaddar ..	..	..	..	..	..	30,574	27,514	46,721	55,340	18,332	34,186	58,677	27,769	15,648	13,831	11,975	11,330	13,442	10,327	3,426
Other Sorts ..	..	14,827	12,313	26,633	44,980	45,897	10,302	10,998	13,595	8,179	14,581	14,116	18,111	20,835	14,686	18,823	23,964	20,657	36,490	36,680
TOTAL ..	..	518,436	504,339	585,926	547,318	522,859	566,097	700,581	739,044	358,472	583,929	720,67	905,318	973,779	766,687	768,082	989,602	938,84	1,084,024	1,184,260
COLOURED PIECEGOODS ..	Yds.	344,856	332,168	336,001	322,966	333,024	305,744	386,085	499,377	186,974	278,103	239,193	268,712	292,969	203,432	178,048	242,956	217,595	236,055	266,494
GREY AND COLOURED GOODS other THAN PIECEGOODS. Doz.	486	503	420	487	349	429	721	784	656	427	700	458	315	342	316	279	451	374	369	417
COTTON GOODS MIXED with SILK OR WOOL ..	Lbs.	58	113	64	99	139	468	1,140	2,105	847	708	1,090	1,749	282	471	1,785	2,700	3,731	5,460	3,579
GRAND TOTAL ..	Yds. 863,292	836,507	921,927	870,285	855,883	986,028	871,841	1,086,666	1,168,421	545,446	862,032	959,867	1,174,030	1,266,748	970,119	946,130	1,232,618	1,156,479	1,320,079	1,450,754
	Doz. 486	503	420	487	349	429	721	784	656	427	700	458	315	342	316	279	451	374	369	417
	Lbs. 58	113	64	99	139	429	468	1,140	2,105	847	708	1,090	1,749	282	471	1,785	2,700	3,731	5,460	3,579

NOTE.—Until the year 1924-25, Khadi, Dungri or Khaddar production was included in 'other sorts.'

Previous to 1st April 1926, the actual production figures of cloth were not recorded, the figures given in the tables relate to the quantities on which excise duty had become payable.

of 1896 for detailed interpretation of the term 'manufactured.'

See footnote to Table 12 for strikes in Bombay Mills.

(See Cotton Duties Act

TABLE No. 16.
IMPORTS OF COTTON YARN INTO INDIA.
(Quantities in thousands of pounds.)

Classifications of Yarn.		Calendar Year																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
		19-20.	20-21.	21-22.	22-23.	23-24.	24-25.	25-26.	1926.		1927.		1928.		1929.		1930.		1931.		1932.		1933.		1934.		1935.		1936.		1937.		1938.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
GREY SINGLES—		..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

TABLE No. 17.
IMPORTS OF COTTON YARN INTO BOMBAY.
(Quantities in thousands of pounds.)

Classifications of Yarn.		'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.
GREY SINGLES—																					
1s to 10s	..	40	110	49	80	73	17	30	..	260	16	102	10	..	..	..	8	39	..	..	4
11s to 15s	..	71	29	8	..	..	4	4	5	541	13	..	..	..	..	..	12	..	..	2	..
16s to 20s	..	144	5,295	4,716	8,445	4,003	2,044	1,365	299	226	6	40	23	16	578	97	146	46	4	28	..
21s to 25s	..	..	8	73	300	41	37	..	6	3	228	..	..	..	..	..	38	9	2	3	..
26s to 30s	..	..	..	..	833	833	574	397	152	210	89	182	100	..	10	9	..	16	15	21	3
31s to 40s	..	..	..	..	4,486	833	11,933	12,874	12,250	15,820	6,075	6,334	3,282	3,183	4,493	2,123	1,351	1,104	1,525	123	1,007
41s to 50s	..	..	..	..	11,244	1,372	1,358	743	884	856	521	588	422	69	90	207	221	297	207	43	4
51s to 60s	..	..	..	..	1,482	1,372	1,358	743	884	856	521	1,047	327	67	162	56	1,146	1,710	2,357	574	967
61s to 100s	..	..	..	..	838	888	803	385	654	427	321	448	237	48	62	135	133	396	654	403	67
Above 100s	..	..	..	..	13	17	39	127	41	51	19	22	37	..	2	..	2	15	1	..	..
GREY Two Folds (Doubles)	..	..	..	..	3,564	2,888	3,954	4,123	5,521	5,323	3,124	4,509	2,240	2,504	3,618	2,105	3,306	5,538	3,098	3,229	6,616
WHITE (BLEACHED)	..	..	..	..	1,060	1,585	1,916	1,990	2,217	2,525	2,144	2,099	1,806	1,668	1,853	1,354	1,189	1,097	754	409	310
COLOURED SINGLES—																					
1s to 20s	..	..	..	..	7	3	36	3	..	1	..	2	1	1	..	1	..	..	4	2	..
21s to 25s	..	..	..	..	2	..	..	..	1	..	2	1	1	..	..	5	..	..	..	..	..
26s to 30s	..	..	..	..	35	8	61	22	4	13	16	7	5	..	..	..	..	..	..	..	..
31s to 40s	..	..	..	..	443	892	753	376	339	254	171	240	50	23	2	..	6	1	..	..	10
41s to 50s	..	..	..	..	..	58	31	57	62	86	43	26	13	..	6	18	..	..	..	2	..
Above 50s	..	..	..	..	1	6	13	27	8	..	2	..	..	..	..	..	..	..	..	..	..
COLOURED Two Folds (Doubles)	..	..	..	..	242	385	487	463	430	213	123	84	50	..	..	2	..	..	10	..	..
MERCERISED COTTON YARN	..	..	..	..	1,286	1,964	2,607	2,731	4,076	5,162	3,799	5,502	3,945	4,123	6,338	4,054	4,514	7,342	8,098	6,011	7,006
UNSPECIFIED DESCRIPTION	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
SEWING THREAD	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
ARTIFICIAL SILK YARN	..	..	..	..	201	356	879	2,002	3,367	7,295	4,981	4,996	3,087	5,540	7,675	4,900	8,951	10,754	9,854	21,759	12,216
TOTAL	..	7,139	25,556	31,631	34,535	24,509	28,875	29,376	31,647	40,713	23,573	27,080	15,494	17,958	25,211	15,860	22,052	29,541	27,732	33,655	29,060

TABLE No. 18.
STATEMENT SHOWING THE VARIOUS CLASSES OF PIECEGOODS IMPORTED INTO BRITISH INDIA.
 (Quantities in thousands of yards.)

DESCRIPTION.	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	Calendar Year 1926	Calendar Year 1927	Calendar Year 1928	Calendar Year 1929	Calendar Year 1930	Calendar Year 1931	Calendar Year 1932	Calendar Year 1933	Calendar Year 1934	Calendar Year 1935	Calendar Year 1936	Calendar Year 1937	Calendar Year 1938
PIECEGOODS.																				
GREY, UNBLEACHED (PLAIN AND BORDERED) :-																				
Chaddars	296	439	367	634	730	831	780	1,052	1,084	954	1,193	318	23	45	48	74	255	74	42	155
Druties, Saris, etc.	348,198	291,255	383,411	506,657	432,658	489,881	429,271	509,089	508,666	454,127	490,653	304,944	87,149	113,633	120,265	92,894	122,156	106,306	45,014	77,651
Drills and Jeans	9,811	17,616	16,123	14,275	16,802	17,282	19,427	15,329	14,802	10,132	13,179	5,411	2,862	1,721	1,789	830	1,542	812	519	858
Flannels	40,764	39,061	55,176	83,594	72,983	89,407	57,039	74,327	76,779	77,113	58,518	29,496	22,264	24,283	24,151	23,718	20,718	14,060	7,346	7,574
Jaconets and Madapolams	114,484	181,993	128,364	280,131	119,036	206,741	171,327	166,635	242,408	207,860	344,623	213,600	130,970	190,933	116,895	134,497	187,970	172,650	81,383	153,867
Longcloth	17,778	46,358	50,164	44,516	60,742	39,361	30,413	19,870	24,000	8,652	14,292	4,471	4,715	3,827	3,591	2,523	1,007	1,618	377	1,628
Printers	1,564	2,942	398	584	510	531	482	369	576	95	113	89	28	14	14	1,006	1,660	963	1,072	825
Sheetings	451	642	605	221	488	1,394	323	210	488	979	2,296	1,433	1,558	1,300	1,079	1,006	1,660	963	1,072	825
T-cloth and Domestics	533,341	580,208	635,608	981,025	703,956	845,502	709,085	786,906	888,829	759,925	924,898	560,066	249,572	335,836	267,819	255,033	337,553	296,484	135,953	242,558
Unspecified Sorts	419	479	396	414	487	718	277	311	251	173	54	85	2,939	6,426	5,900	4,175	4,668	4,658	4,526	3,505
WHITE, BLEACHED :-																				
Chaddars	3,939	8,950	1,542	5,793	8,458	11,024	7,020	10,122	12,820	15,517	11,873	7,046	2,939	6,426	5,900	4,175	4,668	4,658	4,526	3,505
Checks, Spots and Stripes	37,913	35,672	31,944	44,959	45,693	68,896	72,590	109,993	87,197	40,907	51,704	20,921	2,815	2,815	2,696	8,889	5,638	3,293	3,110	1,301
Druties, Saris, etc.	3,259	6,315	2,023	3,140	3,421	6,347	6,106	5,499	6,586	5,603	6,468	4,767	3,694	4,918	4,621	4,094	3,578	3,318	3,406	1,631
Drills and Jeans	19	367	11	52	38	35	67	44	54	15	23	57	102	68	8	104	4,752	5,556	8,189	5,716
Embroidered All-Over	10,314	11,624	5,737	7,118	8,292	9,294	9,398	13,762	13,950	16,610	16,181	7,343	4,867	17,438	14,890	23,275	21,283	18,994	15,968	12,044
Jaconets, etc.	4,157	8,666	4,688	8,679	7,698	9,193	8,855	16,100	8,650	7,481	11,953	7,343	4,867	17,438	14,890	23,275	21,283	18,994	15,968	12,044
Lawns	77,328	108,521	48,163	69,365	67,215	122,724	93,787	113,352	113,352	121,773	100,408	191,883	71,903	109,375	73,440	72,709	139,592	67,348	56,072	51,815
Longcloth and Shirting	109,600	93,911	138,314	159,134	164,657	185,629	168,803	205,565	171,704	242,410	209,978	149,462	142,391	194,275	144,275	131,314	139,592	107,376	108,599	102,783
Mulls	59,128	121,718	67,551	90,752	88,468	105,367	76,998	66,861	82,629	86,882	53,173	40,034	20,329	28,504	21,007	14,155	10,544	3,510	4,377	2,177
Nainsooks	214	260	38	135	220	153	164	212	140	269	97	175	89	39	61	113	77	44	106	93
Sheetings	6	4	1	1	1	1	25	4	4	27	5	14	1	1	2	50	3	3	3	3
T-cloths and Domestics	6,207	13,409	3,349	6,382	7,275	13,342	12,226	11,553	14,395	17,467	16,166	11,448	3,309	9,938	7,997	6,407	9,436	8,352	5,850	4,382
Twill	9,543	11,888	2,410	6,569	13,419	16,152	8,995	12,680	11,119	10,181	5,060	2,206	1,797	2,327	1,775	2,061	1,662	1,696	821	653
Unspecified Sorts	322,047	421,784	306,167	402,492	415,357	548,876	465,112	545,781	568,846	565,315	477,143	349,715	262,935	391,132	284,883	277,461	279,487	228,827	211,211	186,510
COLOURED, PRINTED OR DYED :-																				
Cambries	29,440	54,357	17,701	36,186	44,139	44,472	34,737	38,720	48,816	54,335	43,987	28,237	16,627	34,045	35,472	44,222	46,750	38,426	30,888	19,806
Chaddars	19	22	1	4	4	58	3	49	70	2	11	15	1	2	1	24	24	3	3	3
Checks, Spots and Stripes	5,643	13,588	3,657	6,474	8,512	15,446	10,770	14,868	17,856	23,362	24,139	18,720	4,743	10,799	12,795	14,408	18,985	42,651	21,335	13,477
Druties, Lungis and Sarongs	11,098	16,278	11,344	17,676	12,776	15,238	17,908	20,697	21,188	17,322	24,334	21,278	13,658	24,556	15,535	14,012	19,508	8,700	1,76	1,748
Drills and Jeans	7,008	19,335	9,628	16,049	17,213	25,349	32,358	38,914	65,973	53,622	73,805	47,464	33,285	66,047	54,977	52,231	65,604	82,317	61,014	65,650
Embroidered All-Over	1,294	9,744	1,413	1,610	3,900	6,302	10,301	18,677	21,363	18,980	10,436	7,078	10,050	19,159	3,719	2,710	3,734	3,431	4,144	2,209
Flannels	48,905	114,722	28,735	44,689	61,529	89,533	56,026	49,801	64,878	76,079	65,297	42,859	21,233	48,142	25,865	28,392	21,961	10,113	7,291	7,581
Prints and Chintz	14,123	38,177	15,944	19,166	32,655	30,772	29,280	34,040	34,116	37,059	33,920	24,788	7,915	15,896	17,034	22,645	21,554	19,172	15,541	17,203
Saris and Scarves	27,985	71,571	25,015	38,231	51,605	69,317	72,450	87,766	86,171	95,406	95,974	74,525	57,337	111,125	61,246	81,467	96,491	52,315	48,054	43,268
Shirtings	7,524	31,179	5,783	9,289	16,810	22,243	20,368	24,530	40,217	48,975	35,004	22,929	17,252	22,279	13,378	18,644	14,497	13,852	11,265	9,765
Sateens	3,596	3,660	3,660	3,596	3,596	3,596	3,596	3,660	3,660	3,660	3,596	3,660	3,660	3,596	3,596	3,596	3,596	3,596	3,596	3,596
Coatings and Trouserings	7,283	10,320	7,283	10,320	7,283	10,320	7,283	10,320	7,283	10,320	7,283	10,320	7,283	10,320	7,283	10,320	7,283	10,320	7,283	7,283
Italian Cloth and Satens	1,219	26,004	1,219	26,004	1,219	26,004	1,219	26,004	1,219	26,004	1,219	26,004	1,219	26,004	1,219	26,004	1,219	26,004	1,219	1,219
Velvets and Velveteens	55,254	120,283	19,089	54,415	98,953	118,240	56,613	59,818	53,346	40,393	31,104	22,368	9,909	16,753	16,033	19,702	23,401	18,058	20,154	19,982
Unspecified Sorts	208,296	489,256	188,279	243,789	347,493	406,971	365,836	429,390	493,432	518,727	471,900	328,940	207,447	399,663	274,597	340,813	363,830	310,196	249,746	220,100
TOTAL	17,064	18,472	9,746	15,989	19,020	21,882	23,680	21,883	34,032	36,778	36,456	14,846	21,420	28,583	32,807	45,180	52,001	* 78,032	* 47,003	* 24,520

*Is an approximation only on the basis that a lb. of art silk fens is equal to 8 yards.

TABLE No. 20.
SUMMARY OF IMPORTS OF COTTON YARN INTO INDIA.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hongkong.)			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.			
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	
Grey Singles ..	5,242	3,353	3,391	4,898	1,160	2,434	7,061	86	2,541	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5	23	5	17,206	4,622	8,374	
Coloured Singles ..	847	644	251	16	1	26	11	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	1	1	885	664	285	
White Bleached. .	1,899	2,592	1,826	1,045	603	453	21	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	22	23	..	2,987	3,219	1,781	
Grey Folded ..	180	129	179	2,634	3,647	3,627	2,063	..	6,569	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4	3	3	4,877	3,780	10,382
Coloured Folded ..	160	46	19	43	2	18	..	..	20	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	..	2	206	48	59	
Mercerised ..	76	152	146	10,532	8,661	9,888	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12	2	8	10,621	8,816	10,041	
Artificial Silk ..	368	539	121	13,077	30,438	6,817	19	..	..	..	..	..	1,181	2,730	8,328	160	61	27	66	11	9	48	..	..	11	135	72	11	15,055	33,853	15,313
Unspecified Descriptions ..	28	17	18	2	1	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	30	17	19
Rope ..	536	628	864	17	18	19	..	..	..	3	5	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	556	652	889
Sewing Thread ..	1,919	1,650	1,235	785	496	389	..	..	..	..	..	..	..	..	..	187	180	152	..	..	..	16	12	9	218	188	161	3,126	2,527	1,952	
TOTAL	11,257	9,752	7,549	33,050	45,027	23,672	9,175	86	9,130	3	5	6	1,181	2,730	8,340	347	241	179	75	29	17	64	12	9	396	314	194	55,550	58,199	49,095	

TABLE No. 21.
DETAILED IMPORTS OF COTTON YARN INTO INDIA.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hongkong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.		
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938			
SINGLE GREY:—																														
1 to 10	1	126	555	..	..	..	19	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
11 to 20	27	24	11	..	..	..	23	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
21 to 30	829	163	392	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
31 to 40	1,215	701	1,069	..	..	..	2,777	4	1,381	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
41 to 50	169	408	135	..	..	..	..	..	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
51 to 60	1,728	997	708	..	..	..	3,884	42	1,113	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Above 60	1,272	932	581	..	..	..	359	40	40	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
SINGLE COLOURED:—																														
1 to 20	153	45	6	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
21 to 30	175	62	12	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
31 to 40	266	306	92	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
41 to 50	9	4	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Above 50	244	227	137	..	..	..	11	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
White Bleached	1,899	2,592	1,326	..	..	..	453	21	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Grey Folded	180	129	179	..	..	..	2,063	..	6,539	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Coloured Folded	160	46	19	..	..	..	..	..	20	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Mercerised	76	152	146	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Artificial Silk	368	539	121	..	..	..	19	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Unspecified Sorts	28	17	18	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Rope	536	628	864	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Sewing Thread	1,919	1,650	1,235	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Total	11,257	9,752	7,549	33,050	45,027	23,672	9,175	86	9,130	3	5	6	1,181	2,730	8,340	347	241	179	75	30	17	64	12	9	396	314	58,199			

TABLE No. 22.
SUMMARY OF IMPORTS OF COTTON YARN INTO BOMBAY.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hongkong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.		
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938
Grey Singles ..	1,227	954	363	1,138	206	614	2,398	14	1,072	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4	22	4	4,767	1,197	2,053
Coloured Singles	7	3	..	..	..	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	7	..	10
White Bleached	276	50	26	476	335	284	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	23	..	754	409	310
Grey Folded ..	146	88	149	1,652	3,137	3,079	1,300	..	3,385	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4	2	3,098	3,229	6,616
Coloured Folded	6	1	..	..	1	18	..	..	20	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	6	2	39
Mercurised ..	54	96	128	8,032	5,912	6,878	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12	2	..	8,098	6,011	7,006
Artificial Silk ..	195	411	118	8,201	18,591	4,184	19	..	..	..	..	..	1,051	2,628	7,877	156	57	21	66	7	6	31	..	..	135	66	11	9,855	21,754	12,216
Unspecified ..	24	8	7	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	24	8	9
Rope	439	514	737	16	14	18	..	..	..	3	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	458	534	757
Sewing Thread ..	856	797	597	102	60	52	..	..	..	..	..	..	..	..	..	85	100	96	..	..	..	13	7	6	67	70	45	1,123	1,036	800
Total ..	3,230	2,924	2,124	19,617	28,257	15,198	3,717	14	4,477	3	5	..	1,051	2,628	7,881	241	157	117	67	8	6	44	7	6	220	188	65	28,191	34,188	29,817

TABLE No. 23.
DETAILED IMPORTS OF COTTON YARN INTO BOMBAY.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hong-kong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.		
	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938	1936	1937	1938			
SINGLE GREY :—																														
1 to 10 ..	..	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4		
11 to 20 ..	4	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
21 to 30 ..	15	23	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3		
31 to 40 ..	13	48	73	723	78	411	789	..	523	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1,007		
41 to 50 ..	29	23	4	177	20	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4		
51 to 60 ..	634	492	230	223	78	195	1,499	4	542	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	967		
Above 60 ..	532	359	52	13	34	9	110	10	6	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	67		
SINGLE COLOURED :—																														
1 to 20 ..	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1		
21 to 30 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
31 to 40 ..	..	..	..	..	..	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	10		
41 to 50 ..	..	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2		
Above 50 ..	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
White, Bleached ..	276	50	26	476	192	284	..	..	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Gray, Folded ..	146	88	149	1,652	3,137	3,079	1,300	..	3,386	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Coloured, Folded ..	6	1	..	..	1	18	..	..	20	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Mercurised ..	54	96	128	8,032	5,912	6,878	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Artificial Silk ..	195	411	118	8,201	18,591	4,184	19	..	..	..	..	..	1,051	2,626	7,877	156	57	21	6	..	..	..	..	..	..	..	..	..		
Unspecified sorts ..	24	8	7	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Rope ..	429	514	737	16	14	18	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Sewing Thread ..	856	797	597	102	60	52	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Total ..	3,230	2,924	2,125	19,617	28,257	15,138	3,717	14	4,477	3	5	..	1,051	2,626	7,881	241	157	117	67	8	6	7	7	6	220	189	65	29,817		

TABLE No. 24.
DETAILED EXPORTS FROM INDIA OF INDIAN-MADE YARN BY SEA.
(In thousands of pounds.)

Description.	European Countries.			China including Hongkong.		Egypt and North Africa.			Red Sea Ports.			East Africa.			Levant and Black Sea Ports.			Ceylon and Straits.			Persian Gulf.			South Africa.			Other Countries.			Total.			
	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.						
GRAY YARN:—																																	
1 to 10 ..	992	2,172	371	..	697	1,044	34	..	785	1,122	807	122	145	141	169	394	350	850	1,142	3,371	798	900	932	1	22	1	..	49	26	3,749	6,676	7,044	
11 to 20 ..	781	3,493	1,244	92	2,203	5,132	792	1,015	492	538	578	271	93	126	135	2,991	4,794	4,321	645	1,998	3,816	541	766	853	2	3	2	9	56	42	6,482	15,032	16,307
21 to 30 ..	11	292	40	..	183	724	..	..	32	4	1	..	..	6	45	84	3	4	163	147	8	12	10	..	..	..	18	2	55	757	926		
31 to 40 ..	..	131	24	..	799	3,085	..	..	3	1	3	..	..	..	..	9	..	10	429	626	2	17	16	..	..	..	2	..	16	1,389	3,759		
Above 40 ..	..	44	..	..	162	399	..	..	..	..	..	..	..	..	..	..	..	..	64	142	..	..	..	..	..	..	..	..	..	270	541		
TOTAL GRAY ..	1,784	6,131	1,678	92	4,044	10,383	826	1,049	492	1,357	1,704	1,082	215	211	282	3,160	5,281	4,674	1,509	3,796	8,101	1,347	1,696	1,811	3	26	3	10	125	69	10,302	24,123	28,577
COLOURED YARN:—																																	
1 to 20 ..	2	13	37	..	14	..	..	..	67	23	36	1	..	..	1	..	..	7	1	..	24	15	14	..	..	..	..	..	5	102	66	92	
21 to 40 ..	3	6	48	..	..	..	..	..	3	1	..	..	..	..	..	..	..	..	42	..	6	1	5	..	..	..	..	..	..	12	50	53	
Above 40 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	4	..	..	..	..	..	..	..	..	..	..	3	4	..	
Total Coloured ..	5	19	84	..	14	..	..	..	70	24	36	1	..	..	1	..	..	10	47	..	30	16	19	..	..	..	..	..	5	117	120	144	
White Bleached ..	4	..	3	..	2	..	..	..	41	74	34	..	1	..	..	..	..	61	128	45	2	12	5	..	..	..	..	..	18	108	218	124	
Grey Doubles ..	34	13	12	..	36	616	10	..	13	..	..	..	..	..	..	7	..	48	..	..	34	1	37	..	..	..	..	..	2	146	49	677	
Coloured Doubles ..	..	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5	..	
Unspecified Descriptions ..	..	9	4	..	15	175	..	12	9	..	..	..	..	..	..	..	..	126	126	252	..	..	..	..	1	..	1	11	10	138	162	453	
Sewing Thread ..	..	..	..	..	..	..	..	..	13	21	18	59	58	50	..	..	..	10	7	6	39	28	20	2	2	1	..	..	..	124	115	95	
GRAND TOTAL ..	1,827	6,177	1,782	92	4,111	11,174	836	1,061	1,494	1,824	1,170	276	330	332	3,168	5,281	4,674	1,763	4,103	8,404	1,452	1,752	1,892	6	28	6	21	125	104	10,936	24,793	30,051	

NOTE :—“Egypt and North Africa” include Tripoli and Tunis.

“Red Sea Ports” include Anglo-Egyptian Sudan, Abyssinia, British Somaliland, French Somaliland, Somaliland Protectorate and Aden and Dependencies.

“East Africa” includes Italian East Africa, Somaliland and Eritrea, Kenya, Uganda, Tanganyika Territory, Portuguese East Africa, Zanzibar and Pemba and Seychelles

“Levant and Black Sea Ports” include Palestine, Syria, Smyrna and Asiatic Turkey.

“Ceylon and Straits Settlements and beyond” include Labuan, Java, Siam, Indo-China. Federated Malay States, Maldives Islands, Fiji Islands, Sumatra, Dutch Borneo, Celebes, Philippines and Formosa.

“Persian Gulf” includes Iraq, Muskat Territory and Trucial Oman, other Native States in Arabia, Persia and Bahrain Islands.

“South Africa” includes Natal, Transvaal, Cape of Good Hope, Mauritius and Madagascar.

“Other Countries” include Japan, America, Reunion Islands, New Zealand, Canada, British Guiana, and Australia.

TABLE No. 25.
DETAILED EXPORTS OF INDIAN-MADE YARN BY SEA FROM BOMBAY.
(In thousands of pounds.)

	European Countries.			China Including Hongkong.			Egypt and North Africa.			Red Sea Ports.			East Africa.			Levant and Black Sea Ports.			Ceylon and Straits.			Persian Gulf.			South Africa.			Other Countries.			TOTAL.		
	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.			
GREY YARN:—																																	
1 to 10 ..	984	2,172	371	..	697	1,044	27	34	..	785	1,122	87	122	145	141	169	394	350	843	1,127	3,365	796	900	932	..	19	1	..	42	26	3,727	6,652	7,037
11 to 20 ..	533	2,806	623	..	1,377	4,165	545	738	49	538	568	262	93	126	135	2,991	4,128	3,648	639	1,923	3,713	525	753	832	2	3	1	4	50	26	5,870	12,474	13,456
21 to 30 ..	..	26	39	..	17	54	..	..	..	12	4	1	..	..	..	..	66	3	3	158	59	8	12	10	..	..	..	18	2	23	302	168	
31 to 40 ..	..	..	22	..	359	2,514	..	..	..	3	..	3	..	..	6	..	9	..	9	63	159	2	17	16	..	..	..	2	..	15	451	2,720	
Above 40 ..	..	24	..	..	9	115	..	..	..	..	..	..	..	..	..	..	..	..	..	2	..	..	..	..	..	..	..	..	..	..	34	117	
TOTAL GREY ..																																	
	1,518	5,028	1,055	..	2,460	7,891	572	772	49	1,337	1,694	1,073	215	272	282	3,159	4,598	4,002	1,494	3,271	7,298	1,331	1,683	1,791	2	23	2	5	113	54	9,635	19,913	23,498
COLOURED YARN:—																																	
1 to 20 ..	2	13	37	..	14	..	..	..	..	67	23	36	1	..	..	1	..	..	3	1	..	24	15	14	..	..	..	..	..	5	99	66	92
21 to 40 ..	3	6	48	..	..	..	..	..	..	3	1	..	..	..	..	..	..	..	..	..	..	6	1	5	..	..	..	..	..	12	8	53	
Above 40 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
TOTAL COLOURED ..																																	
	5	19	84	..	14	..	..	..	..	70	24	36	1	..	..	1	..	..	3	1	..	30	16	19	..	..	..	..	..	5	111	74	144
White Bleached ..																																	
	4	..	3	..	2	..	..	..	..	41	74	34	..	1	..	..	..	..	60	127	..	2	11	5	..	..	..	..	..	18	107	216	61
Grey Double ..																																	
	34	13	12	..	36	616	10	..	10	13	..	..	..	..	..	7	..	..	48	..	..	34	..	37	..	..	..	..	2	146	49	677	
Coloured Doubles ..																																	
	..	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5	..	
Unspecified Descriptions ..																																	
	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Sewing Thread ..																																	
	..	..	..	..	..	..	..	..	..	13	21	18	59	58	50	..	..	..	10	5	5	39	28	20	2	2	1	..	..	124	114	94	
GRAND TOTAL ..																																	
	1,561	5,065	1,155	..	2,512	8,507	582	772	59	1,474	1,813	1,162	276	331	332	3,168	4,598	4,002	1,615	3,404	7,305	1,437	1,739	1,871	4	24	3	5	113	78	10,123	20,375	24,474

See footnote to Table 24.

TABLE No. 26.
SUMMARY OF IMPORTS OF COTTON PIECEGOODS INTO INDIA.
(In thousands of yards.)

	United Kingdom.			Japan.			China (including Hongkong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.		
	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.
Grey Plain ..	15,988	8,948	8,418	173,999	82,055	156,114	..	..	..	156	9	166	..	..	..	..	..	..	..	..	..	..	..	..	37	1	132	190,180	91,013	164,831
Grey Bordered ..	47,342	21,648	23,653	58,955	23,292	54,070	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	6	..	6	106,304	44,940	77,728
White Bleached ..	170,147	144,798	108,353	51,653	57,420	71,679	2	..	..	3	3	10	49	398	403	1,527	1,436	1,032	4,543	6,135	4,060	86	194	111	816	886	365	228,827	211,211	186,510
Printed ..	54,582	47,286	40,202	150,297	103,472	92,298	..	..	..	17	12	24	21	186	102	13	..	..	3	7	14	90	18	193	50	..	3,586	205,074	150,990	136,420
Dyed ..	67,395	62,817	47,601	15,228	19,391	25,114	108	3	11	245	416	194	464	568	639	261	100	12	2,706	3,270	1,858	44	101	42	661	703	670	87,112	87,369	76,297
Woven Coloured ..	4,985	3,602	2,140	12,527	7,367	4,739	67	15	1	..	..	13	38	79	117	9	7	3	80	39	3	144	183	115	159	96	250	18,010	11,387	7,383
Fente of all descrip- tions ..	9,545	12,264	7,968	64,660	27,640	7,952	1	..	..	3,724	6,946	8,372	6	..	..	..	..	..	90	136	121	..	13	..	7	4	10	78,032	47,003	24,520
Towels in the piece ..	5	4	17	22	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	27	13	21
Piecegoods of Cotton and Artificial Silk ..	1,332	1,358	1,255	105,438	111,361	43,099	7	55	27	7	..	1	140	286	99	1	..	..	33	14	8	209	282	282	239	450	1,194	107,405	113,806	45,951
Canvas ..	458	482	360	100	81	65	..	..	..	..	8	..	..	..	..	..	..	..	..	..	..	124	80	97	1	1	1	684	653	524
TOTAL ..	371,780	303,207	239,967	632,878	432,088	455,130	185	74	39	4,152	7,394	8,780	718	1,457	1,361	1,812	1,543	1,047	7,455	9,601	6,065	699	872	820	1,976	2,150	6,974	1,021,654	758,386	720,184

(See footnote to Table 18 regarding figures of Fente)

TABLE No. 27.
DETAILED IMPORTS OF COTTON PIECEGOODS INTO INDIA.
(In thousands of yards.)

	United Kingdom.			Japan.			China including Hongkong.			U.S.A.			Italy.			Netherlands.			Switzerland.			Germany.			All other Countries.			Total.		
	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.			
GREY UNBLEACHED.																														
PLAIN GREY.																														
Chadars	77	123	..	..	..	100	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	100			
Dhutis, Saris & Scarves	28	13	..	..	..	658	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	858			
Drills & Jeans	..	..	32	..	497	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Flannel & Flannelettes	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Jaconets including Madapolams, etc.	14,001	7,335	7,462	59	3	100	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	7,574			
Longcloth & Shirtings	1,278	455	186	171,340	81,128	153,638	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	153,867			
Printers	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Sheetings	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1,628			
T-cloth & Domestics	604	1,021	735	..	355	51	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	803			
Unspecified Descriptions	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Total Plain Grey	15,988	8,948	8,418	173,999	82,055	156,114	..	..	..	156	9	166	..	..	..	..	..	..	..	..	..	..	..	..	..	..	164,831			
BORDERED GREY.																														
Chadars	74	42	55	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	55			
Dhutis, Saris & Scarves	47,268	21,598	23,576	..	..	54,069	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	77,651			
Drills & Jeans	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Flannel & Flannelettes	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Jaconets, etc.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Longcloth & Shirtings	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Printers	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Sheetings	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
T-cloth & Domestics	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Unspecified Descriptions	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Total Bordered Grey	47,342	21,648	23,653	58,955	23,292	54,070	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	22			
Total Grey Unbleached	63,330	30,596	32,071	232,954	105,347	210,184	..	..	..	156	9	166	..	..	..	..	..	..	..	..	..	..	..	..	..	..	77,728			
WHITE BLEACHED.																														
Checks, Spots & Stripes	4,617	4,284	3,446	38	241	59	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3,505			
Dhutis, Saris & Scarves	3,262	1,310	1,252	28	..	49	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1,301			
Drills & Jeans	3,287	3,225	1,469	31	181	204	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1,681			
Embroidered All-overs	153	497	388	85	277	264	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	5,716			
Flannel & Flannelettes	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Jaconets, Madapolams, etc.	16,570	11,427	6,399	2,319	4,460	5,614	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	19			
Lawns	4,663	1,921	272	17	15	69	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12,044			
Longcloth & Shirtings	31,261	25,550	20,418	34,511	29,072	30,136	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	341			
Mulls	95,084	87,635	68,667	12,285	20,950	34,108	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	51,815			
Nainsooks	1,501	2,308	1,016	2,069	2,069	1,161	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	102,783			
Sheetings	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2,177			
T-cloth & Domestics	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	93			
Twills	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Unspecified Descriptions	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..			
Total White Bleached	170,147	144,798	108,353	51,653	57,420	71,680	2	..	..	3	3	10	49	338	403	1,528	1,436	1,032	4,543	6,135	4,060	86	194	111	816	886	860	211,211	186,510	

[illegible]

See footnote to Table 18 regarding figures of Fents).

TABLE No. 28.
DETAILED IMPORTS OF COTTON PIECEGOODS INTO BOMBAY.
(In Thousands of Yards.)

[illegible]

[illegible]

(See footnote to Table 18 regarding figures of Fents)

TABLE No. 29.
SUMMARY OF IMPORTS OF COTTON PIECEGOODS INTO BOMBAY.
(In thousands of yards.)

	United Kingdom.			Japan.			China (including Hongkong).			U.S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total		
	1938.	1937.	1938.	1938.	1937.	1938.	1938.	1937.	1938.	1938.	1937.	1938.	1938.	1937.	1938.	1938.	1937.	1938.	1938.	1937.	1938.	1938.	1937.	1938.	1938.	1937.	1938.	1938.	1937.	1938.
Grey Plain ..	7,892	3,551	3,054	60,592	44,122	70,541	..	..	..	156	9	166	..	..	..	..	..	..	..	..	..	..	..	..	36	..	87	68,675	47,682	73,848
Grey Bordered ..	1,016	860	651	444	554	230	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1,460	1,414	881
White Bleached ..	23,635	18,629	16,420	15,505	21,973	23,887	..	..	..	2	3	10	49	300	395	520	656	486	1,775	2,323	1,465	82	172	106	531	455	175	42,100	44,516	43,168
Printed ..	20,005	12,367	14,463	65,452	59,465	45,781	..	..	..	11	1	20	21	54	68	1	..	..	3	6	8	90	18	73	41	..	407	85,824	71,922	60,820
Dyed ..	21,458	19,920	13,908	3,660	5,216	5,115	..	..	3	206	373	162	35	73	114	3	2	1	1,976	1,752	997	20	70	19	410	415	259	27,769	27,820	20,579
Woven Coloured ..	925	1,350	841	3,017	4,325	2,867	..	..	..	..	..	13	8	15	39	4	3	3	..	1	..	74	128	78	73	19	117	4,101	5,842	3,952
Fents of all descrip- tions ..	4,993	8,595	4,012	54,941	21,840	7,060	1	..	13	3,193	6,701	6,680	..	..	..	..	..	69	134	114	..	2	..	..	7	..	25	63,204	37,272	17,891
Towels in the piece ..	4	3	1	22	9	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	26	12	4
Piecegoods of Cotton and Artificial Silk ..	556	699	565	88,527	95,539	35,209	1	49	..	3	..	1	86	167	46	..	..	..	33	12	6	89	119	103	153	396	1,069	89,449	96,982	37,013
Canvas.. ..	183	201	116	46	45	44	..	..	..	..	8	..	..	..	..	..	..	..	..	..	..	54	59	65	..	..	1	283	313	226
Total ..	80,687	66,176	54,084	292,206	253,088	190,735	2	49	17	3,570	7,105	7,051	200	609	657	529	660	490	3,856	4,228	2,569	411	568	445	1,251	1,285	2,365	382,692	333,769	258,382

(See footnote to Table 18 regarding figures of Fents.)

TABLE No. 30.

EXPORTS OF COTTON PIECEGOODS OF INDIAN MANUFACTURE FROM BRITISH INDIA.
(In thousands of yards.)

Description.	European Countries.			China.			Egypt and North Africa.			Red Sea Ports.			East Africa.			Levant and Black Sea Ports.			Ceylon and Straits.			Persian Gulf.			South Africa.			Other Countries.			Total.			
	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.				
GREY (UNBLEACHED):—																																		
Chadars and Dhutis ..	..	..	..	..	..	..	..	13	6	24	29	3	1,144	2,299	1,149	..	..	..	43	67	56	24	26	23	6	1	3	..	..	..	1,242	2,434	1,239	
Drills and Jeans ..	45	55	10	..	..	..	8	..	13	..	38	..	651	842	570	..	..	..	86	275	218	..	..	..	30	16	30	..	..	81	17	812	1,322	867
T-cloths and Domestics ..	..	..	..	..	..	..	..	14	93	..	..	..	..	4	..	..	..	3	2	4	..	..	..	..	..	..	..	..	..	..	..	17	99	4
Shirtings ..	135	62	200	..	34	228	2,064	4,635	256	625	419	429	616	206	66	..	13	..	567	1,502	3,994	35	212	154	1,033	940	222	465	3,213	2,754	5,540	11,237	8,304	
Other Sorts ..	420	1,413	1,169	..	20	461	6,312	11,322	3,957	194	502	134	1,005	1,665	1,160	..	86	..	530	961	3,846	27	386	187	561	1,057	3,030	137	7,103	4,118	9,188	24,577	18,364	
TOTAL GREY ..	600	1,530	1,379	..	54	698	8,391	16,137	4,233	843	988	666	3,417	5,016	3,145	..	100	..	1,229	2,807	8,119	86	623	34	1,631	2,014	3,285	602	10,398	6,888	16,796	39,669	28,778	
WHITE (BLEACHED):—																																		
Chadars and Dhutis ..	3	..	..	..	..	..	..	..	..	38	49	16	8	14	8	..	..	..	97	44	143	1	7	6	3	6	33	..	1	4	150	121	210	
Drills and Jeans ..	2	..	3	..	..	..	6	82	40	..	..	..	32	41	15	..	..	..	8	39	54	3	48	2	..	8	..	1	201	34	127	378	130	
T-cloths and Domestics..	..	..	..	..	..	..	..	54	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..	54	1	2	
Shirtings ..	58	65	61	..	11	33	7	2,691	1,440	235	236	95	12	46	15	..	..	..	754	2,565	2,300	11	1	2	..	83	2	119	667	1,064	1,196	6,365	5,013	
Other Sorts ..	9	64	48	..	111	258	..	930	170	113	266	56	25	134	58	..	40	..	993	1,088	1,216	205	308	22	61	173	94	100	259	613	1,506	3,373	2,534	
TOTAL WHITE ..	71	129	111	..	123	297	143	3,661	1,628	387	551	167	78	235	96	..	40	..	1,851	3,736	3,715	219	365	32	64	271	129	220	1,128	1,714	3,033	10,238	7,889	
COLOURED, PRINTED OR DYED:—																																		
Lungs and Saries ..	31	..	..	..	3	26	..	1	..	2,260	2,107	1,677	31	34	81	..	..	..	12,295	15,839	11,961	45	23	24	352	122	337	..	22	..	15,181	18,151	14,106	
Drills and Jeans ..	29	42	60	..	18	72	106	147	21	40	54	..	230	668	532	..	2	..	48	330	240	4,596	8,185	1,713	6	21	19	93	89	29	5,147	9,557	2,685	
Other Sorts ..	365	653	1,244	26	6	193	150	5,243	623	1,627	1,898	1,603	3,879	7,407	6,713	14	13	22	20,012	32,272	24,876	11,562	16,999	10,744	1,914	1,668	1,643	6,123	5,348	3,942	45,622	71,496	51,612	
TOTAL COLOURED, PRINTED OR DYED ..	425	695	1,503	26	27	297	206	5,391	644	4,082	4,059	3,284	4,141	8,109	7,326	14	15	22	32,355	48,441	37,076	16,203	25,197	12,481	2,273	1,811	1,999	6,216	5,459	3,972	65,950	99,204	68,404	

See footnote to Table 24.

TABLE No. 31.
EXPORTS OF COTTON PIECEGOODS OF INDIAN MANUFACTURE FROM BOMBAY.
(In thousands of yards.)

	European Countries.			China.			Egypt and North Africa.			Red Sea Ports.			East Africa.			Levant and Black Sea Ports.			Ceylon and Straits.			Persian Gulf.			South Africa.			Other Countries.			TOTAL.		
	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.			
GREY (Unbleached):—																																	
Chadars and Dhutis	..	..	..	..	..	..	13	6	22	29	3	1,144	2,299	1,149	..	..	..	..	13	9	12	24	26	23	6	1	3	..	..	..	1,209	2,376	1,196
Drills and Jeans	45	55	9	..	8	..	14	..	..	38	..	651	842	570	..	..	..	..	59	241	216	..	..	30	30	16	17	..	81	..	783	1,288	864
T-Cloths and Domestic	..	..	..	..	..	14	93	13	..	..	..	..	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	14	97	..	
Shirtings	135	62	200	..	34	156	2,064	4,635	256	625	419	429	616	206	66	..	13	..	563	1,501	3,992	34	212	154	1,033	940	221	465	3,139	2,752	5,536	11,162	8,227
Other Sorts	416	1,367	1,166	..	20	461	6,312	11,382	3,957	194	501	234	1,005	1,665	1,343	..	86	..	500	913	3,792	24	386	187	561	1,050	3,030	129	5,851	3,764	9,142	23,223	17,934
TOTAL GREY	596	1,485	1,375	..	54	625	8,391	16,138	4,233	841	988	666	3,417	5,016	3,129	..	100	..	1,133	2,664	8,013	82	623	394	1,631	2,007	3,271	594	9,071	6,516	16,685	38,146	8,221
WHITE (Bleached):—																																	
Chadars and Dhutis	..	..	..	..	..	..	..	..	38	49	16	8	14	8	..	..	..	..	25	14	110	1	4	2	3	6	32	..	..	3	75	87	170
Drills and Jeans	2	..	3	..	6	82	40	17	..	..	..	32	41	15	..	..	..	..	6	38	54	3	34	1	..	4	..	201	33	125	359	129	
T-Cloths and Domestic	..	..	..	..	..	54	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..	54	1	..	
Shirtings	55	65	61	..	11	33	7	2,690	1,440	235	236	95	12	46	15	..	..	..	752	2,557	2,295	11	1	2	..	83	2	119	667	1,062	1,191	6,357	5,006
Other Sorts	8	64	48	..	111	256	..	930	170	113	266	56	25	134	58	..	40	..	920	980	1,118	193	304	22	60	173	94	100	258	613	1,420	3,280	2,433
TOTAL WHITE	65	129	111	..	123	295	143	3,661	1,628	387	551	167	78	235	96	..	40	..	1,703	3,589	3,576	207	344	27	63	266	129	219	1,126	1,710	2,365	10,065	7,739
COLOURED, PRINTED OR DYED:—																																	
Lungis and Saris	..	..	..	..	26	..	..	1	..	1,715	1,409	749	19	8	43	..	..	..	99	134	100	44	11	4	322	108	312	..	20	..	2,198	1,691	1,234
Drills and Jeans	21	42	60	..	71	106	147	21	40	52	..	..	230	668	532	..	..	..	21	118	239	4,490	8,159	1,713	6	17	19	93	86	29	5,006	9,291	2,684
Other Sorts	316	399	547	..	1	145	24	4,798	265	1,462	1,829	1,514	3,854	7,364	6,653	5	13	..	6,726	13,681	9,909	11,180	16,295	10,368	1,809	1,441	1,306	6,077	5,164	9,623	31,456	50,984	34,330
TOTAL COLOURED, PRINTED OR DYED	337	441	607	..	1	242	130	4,946	286	3,217	3,290	2,263	4,102	8,039	7,728	5	13	..	6,846	13,933	10,249	15,714	24,466	12,085	2,138	1,566	1,636	6,170	5,270	3,652	33,660	61,966	38,249

See footnote to Table 24.

TABLE No. 32.
RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BRITISH INDIA.

	YARN (In thousand pounds).										PIECEGOODS (In thousand yards).												
	Twist & Yarn.		Rope.		Sewing Thread.			Total.		Grey.		White.			Coloured, etc.			Fents.			Total.		
	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.		
European Countries ..	1	2	1	..	..	..	1	2	2	..	..	29	71	41	247	8	63	30	8	2	307	88	107
China & Hongkong ..	..	32	..	..	..	..	..	32	1	..	..	..	7	93	5	10	11	..	..	..	6	17	104
Egypt & North Africa ..	11	..	..	..	..	..	11	..	..	..	..	..	..	..	..	8	1	..	6	..	..	14	..
Red Sea Ports ..	44	1	..	..	..	..	44	1	..	1,548	3,223	3,357	168	304	692	342	196	304	6	14	2,064	3,737	4,353
East Africa ..	..	1	1	..	..	..	4	4	2	392	707	215	193	479	370	344	348	260	..	..	929	1,534	84
Levant & Black Sea Ports ..	44	3	14	..	..	..	45	3	14	..	..	..	..	..	..	1	1	..	..	..	1	1	..
Caylon & Straits ..	2	2	6	..	..	..	4	3	7	104	134	3,019	142	123	309	341	80	163	..	1	587	339	3,491
Persian Gulf ..	10	14	17	..	..	..	14	16	19	1,094	1,071	894	1,479	1,688	1,196	3,267	1,482	1,422	..	22	5,839	4,264	3,524
South Africa ..	..	..	2	..	..	..	6	6	3	..	..	..	4	56	2	21	38	7	2	..	27	94	9
Other Countries ..	43	..	2	..	..	..	43	..	2	5	..	285	2	7	..	45	37	59	205	69	257	113	453
TOTAL ..	155	55	42	..	..	..	173	67	48	3,144	5,135	7,772	2,016	2,736	2,704	4,614	2,208	2,190	244	120	10,018	10,200	12,895

TABLE No. 33.
RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BOMBAY.

Countries	YARN (In thousand pounds).										PIECEGOODS (In thousand yards).																
	Twist & Yarn.			Rope.			Sewing Thread.			Total.			Grey.			White.			Coloured.			Fents.			Total.		
	1936.		1937.	1936.		1937.	1936.		1937.	1938.	1936.		1937.	1938.	1936.		1937.	1938.	1936.		1937.	1938.	1936.		1937.	1938.	
	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.	1936.	1937.	1938.			
European Countries ..	1	2	1	..	..	..	..	..	1	2	1	..	..	..	2	..	33	2	32	16	8	1	50	13	33		
China and Hongkong ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	7	93	3	10	11	..	6	..	3	22	104		
Egypt and North Africa ..	11	..	..	..	..	..	..	..	..	11	..	..	..	..	..	..	..	9	..	..	..	..	..	9	..		
Red Sea Ports ..	44	1	..	..	..	..	..	..	..	44	1	..	1,548	3,223	3,357	168	304	692	342	304	6	14	..	2,084	3,737	4,353	
East Africa ..	..	1	1	..	..	..	3	3	1	4	4	2	392	707	215	190	479	368	344	260	..	..	..	926	1,534	843	
Levant and Black Sea Ports ..	44	2	14	..	..	..	..	..	..	44	2	14	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Ceylon and Straits ..	2	2	6	..	..	..	2	1	1	4	3	7	79	134	3,016	139	70	307	239	55	156	..	..	458	260	3,478	
Persian Gulf ..	10	14	17	..	..	..	5	2	2	14	16	19	1,056	1,012	886	1,465	1,659	1,091	3,139	1,407	1,221	23	7	5,661	4,102	3,206	
South Africa ..	..	..	2	..	..	..	6	6	1	6	6	3	..	..	..	4	8	2	21	38	6	..	..	25	46	8	
Other Countries ..	..	..	2	..	..	..	..	..	..	..	..	2	..	..	..	7	..	..	30	36	38	51	109	192	94	147	
Total ..	113	21	42	..	..	..	17	12	6	129	33	48	3,075	5,076	7,475	1,967	2,338	2,553	4,152	2,101	2,027	124	101	117	9,319	9,817	12,173

TABLE No. 34.
TABLE SHOWING THE APPROXIMATE YARDAGE OF PIECEGOODS AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of yards.)

	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	'26-27.	'27-28.	'28-29.	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.	'36-37.	'37-38.
Total Indian Mill Production ..	1,640	1,581	1,732	1,725	1,792	1,970	1,954	2,259	2,357	1,893	2,419	2,561	2,990	3,170	2,945	3,397	3,571	3,572	4,084
Less—Exports by Sea ..	197	146	161	157	165	181	165	197	169	149	133	98	105	66	56	58	71	102	147
Exports by Land ..	42	24	26	29	36	49	68*	83*	88*	95*	86*	90	103	103	113*	99	120	121	128
Balance ..	1,401	1,411	1,545	1,539	1,591	1,740	1,721	1,979	2,100	1,649	2,200	2,373	2,782	3,001	2,776	3,340	3,380	3,349	3,809
Imports ..	1,081	1,510	1,090	1,593	1,486	1,823	1,564	1,788	1,973	1,937	1,919	890	776	1,225	796	943	995	832	622
Total ..	2,482	2,921	2,835	3,132	3,077	3,563	3,285	3,767	4,073	3,586	4,119	3,263	3,558	4,226	3,572	4,183	4,375	4,181	4,431
Less—Exports by Sea ..	89	61	74	75	61	54	35	29	34	24	22	17	16	22	25	11	10	11	10
Exports by Land ..	56	44	36	51	51	59	116*	131*	118*	121	89	64	75	70	74	76	86	109	88
Total quantity of Piecegoods available for consumption in India ..	2,337	2,816	2,525	3,006	2,965	3,450	3,134	3,607	3,921	3,441	4,008	3,182	3,467	4,134	3,473	4,096	4,279	4,061	4,333

From 1919-20 to 1924-25 the figures in both the tables are taken *en bloc* from the "Notes on Hand Loom Weaving" by Mr. R. D. Bell.

NOTE :—With effect from 1st April 1925, the Government of India discontinued the publication of "Accounts relating to the trade by land of British India with other countries." Since then, the statistics in question are published in Special Supplements to the *Indian Trade Journal* in an abbreviated form. The revised form does not affect the above table materially but in Table 35 it has not been possible to separate the land export figures for Indian and foreign yarn. This, however, does not affect the approximate accuracy of the figure showing the balance of yarn available for consumption in India.

† Maunds converted into lbs. and lbs. converted into yds. : 1 Maund = 82½ lbs. ; 1 lb. = 4·27 yds.

TABLE No. 35.
TABLE SHOWING THE APPROXIMATE POUNDAGE OF YARN AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of Lbs.)

	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	'26-27.	'27-28.	'28-29.	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.	'36-37.	'37-38.
Total Indian Mill Production ..	636	680	693	706	617	719	686	807	809	648	833	867	906	1,016	921	1,001	1,058	1,054	1,159
Less—Exports by Sea ..	152	83	81	57	39	37	32	42	25	24	25	23	22	15	16	13	10	12	31
Exports by Land ..	9	6	7	7	7	9	7*	8*	5*	5*	6*	7*	6*	6*	8*	7*	8*	7*	5*
Balance ..	475	571	605	642	571	673	647	757	779	619	802	837	938	995	897	981	1,040	1,035	1,123
Imports ..	15	47	57	59	45	56	52	49	52	44	44	29	32	45	32	34	45	29	22
Total ..	490	618	662	701	616	729	699	806	831	663	846	866	970	1,040	929	1,015	1,085	1,064	1,145
Less—Exports by Sea ..	3	..	1	2	2	1	1	1	1	..	..	..	..	..	..	..	..	..	..
Exports by Land ..	4	3	3	5	4	4	..	..	..	..	..	..	..	..	..	..	..	..	..
Quantity of Yarn available for consumption in India	483	615	658	692	610	724	698	805	830	663	846	866	970	1,040	929	1,015	1,085	1,064	1,145
Cloth produced in India in millions of pounds. ..	384	367	403	405	402	459	465	539	568	446	562	590	672	695	646	736	761	782	864
Approximate equivalent in Yarn (taking 100 lbs. of yarn = 112 lbs. of piecegoods). ..	342	328	360	362	359	410	415	481	507	384	502	527	600	621	577	657	679	698	771
Real balance of Yarn available for sale in India ..	141	287	298	335	251	314	283	324	323	279	344	339	370	419	352	358	406	366	374

* Includes re-exports also.

† Maunds converted into lbs. at the rate of 82½ lbs. = 1 Maund.
See foot-note to Table 12 regarding strikes in Bombay mills.

TABLE No. 36.
PROGRESS OF JAPANESE COTTON MILLS DURING THE LAST 17 YEARS.
(The information is extracted from the half-yearly statistics published by the Japan Cotton Spinners' Association.)

Term.	No. of Companies.	Capital.		Reserve Funds.	No. of Mills.	Spindles		Doubling Spindles.	Looms.
		Authorised.	Paid up.			Ring.	Mule.		
Half-year ending		Yen.	Yen.	Yen.					
June, 1922	67	472,807,650	319,612,328	194,010,558	232	4,338,759	44,510	573,486	59,693
December, 1922	64	462,107,650	317,148,075	202,774,376	235	4,472,112	45,500	602,032	60,765
June, 1923	62	468,427,650	321,654,393	209,984,818	235	4,618,946	46,470	635,212	62,205
December, 1923	70*	530,277,650	376,272,935	217,407,870	241	4,422,428	14,370	510,031	64,460
June, 1924	60*	559,750,000	396,081,600	213,411,662	245	4,832,552	17,340	581,583	66,283
December, 1924	69*	575,302,500	398,163,443	219,043,315	247	5,100,546	25,150	685,995	68,579
June, 1925	64*	570,612,500	394,567,318	223,098,069	242	5,266,000	26,040	723,824	71,702
December, 1925	64*	551,362,500	382,714,817	223,531,448	243	5,413,094	34,090	759,632	73,381
June, 1926	65*	558,416,650	394,488,167	228,827,952	247	5,551,607	34,420	780,404	74,193
December, 1926	64*	539,237,500	391,305,247	231,149,181	247	5,644,772	35,080	789,688	77,043
June, 1927	64*	539,527,500	390,703,307	233,953,175	247	5,892,620	36,994	788,916	76,163
December, 1927	64*	535,077,500	391,550,767	238,367,331	257	6,079,272	36,994	787,490	78,352
June, 1928	68*	502,902,500	426,376,017	243,987,627	258	6,230,512	41,674	792,138	79,777
December, 1928	72*	552,196,250	419,792,127	249,978,831	259	6,425,500	41,674	809,452	81,209
June, 1929	72*	558,696,250	428,098,852	257,406,526	259	6,487,720	41,674	807,100	78,870
December, 1929	70*	560,846,250	429,415,222	259,756,504	258	6,795,502	41,014	808,324	77,898
June, 1930	73*	567,596,250	433,048,087	258,359,196	262	7,047,832	41,464	801,184	77,850
December, 1930	74*	561,986,750	425,346,187	252,094,074	263	7,171,537	42,474	803,094	79,466
June, 1931	74*	560,664,750	421,327,167	243,860,512	262	7,269,120	42,474	810,294	79,173
December, 1931	72*	537,964,750	398,855,292	240,828,488	263	7,498,152	36,994	801,594	77,782
June, 1932	71*	545,114,750	397,903,277	242,704,877	265	7,762,448	35,320	798,420	77,528
December, 1932	71*	540,561,100	397,674,627	245,939,643	265	7,929,530	35,320	810,492	79,277
June, 1933	71*	540,261,100	397,974,777	249,828,487	267	8,173,994	35,320	833,016	81,552
December, 1933	69*	543,761,100	403,898,752	255,398,338	268	8,608,608	35,320	842,808	86,343
June, 1934	70*	555,282,600	413,338,448	261,998,722	272	9,090,344	35,320	849,870	89,766
December, 1934	72*	567,228,600	438,573,910	273,315,614	275	9,495,254	35,320	868,440	91,146
June, 1935	74*	606,802,600	455,985,565	279,359,885	276	9,925,680	35,320	906,844	93,260
December, 1935	74*	609,202,600	458,955,945	282,588,696	281	10,613,728	35,320	912,912	95,982
June, 1936	75*	621,377,600	467,590,453	285,684,455	285	10,970,128	19,780	988,697	98,080
December, 1936	74*	678,677,600	483,967,095	292,389,043	282	12,131,488	7,920	1,170,304	100,543
June, 1937	74*	702,477,600	524,138,071	299,166,323	282	12,182,866	7,920	1,283,286	104,666
December, 1937	82*	782,277,600	595,886,485	309,827,724	291	12,559,376	7,920	1,371,288	108,074
June, 1938	84*	799,657,600	617,934,150	316,465,524	296	12,766,980	9,240	1,435,052	114,332
December, 1938									

* Including non-members of the Japan Cotton Spinners' Association.

TABLE No. 37.
JAPAN'S COTTON CONSUMPTION.
(Figures extracted from the half-yearly publication of the Japan Cotton Spinners' Association.)

Years.		Indian.		American.		Chinese.		Egyptian and African.		Annam and Saigon.		Korean.		Sundries.		Total.	
		lbs.		lbs.		lbs.		lbs.		lbs.		lbs.		lbs.		lbs.	
1911	..	297,798,250	..	111,540,908	..	110,200,125	..	13,506,525	..	1,837,833	..	..	..	4,321,184	..	539,204,825	..
1912	..	368,062,933	..	214,251,250	..	31,654,633	..	15,086,558	..	3,735,384	..	..	..	3,441,058	..	636,231,816	..
1913	..	434,685,666	..	202,441,016	..	46,621,309	..	16,699,942	..	7,547,250	..	..	..	4,143,508	..	712,138,691	..
1914	..	549,868,658	..	170,397,933	..	36,528,292	..	15,161,483	..	4,742,225	..	..	..	7,158,842	..	783,857,433	..
1915	..	559,320,525	..	209,035,492	..	18,389,108	..	13,436,266	..	2,641,083	..	..	..	4,998,742	..	807,821,216	..
1916	..	593,978,108	..	235,615,875	..	29,506,075	..	16,421,546	..	9,069,166	..	6,744,540	..	4,251,590	..	895,586,900	..
1917	..	590,521,080	..	242,144,925	..	42,305,808	..	14,717,091	..	3,715,905	..	8,194,558	..	4,344,308	..	905,943,675	..
1918	..	453,072,641	..	280,374,975	..	83,091,375	..	14,769,342	..	3,187,334	..	11,790,775	..	6,941,733	..	853,228,175	..
1919	..	376,648,588	..	355,589,221	..	130,970,193	..	15,588,908	..	2,265,292	..	11,454,470	..	5,037,182	..	897,553,824	..
1920	..	482,881,416	..	310,370,393	..	30,684,616	..	11,558,208	..	2,041,258	..	9,412,820	..	5,367,604	..	852,316,315	..
1921	..	521,998,441	..	304,763,617	..	3,037,340	..	14,600,500	..	3,923,158	..	8,744,408	..	3,479,358	..	860,546,824	..
1922	..	615,242,183	..	389,759,225	..	3,626,017	..	19,652,842	..	5,563,967	..	8,354,600	..	5,680,941	..	1,047,879,775	..
1923	..	652,798,508	..	296,423,592	..	25,836,838	..	22,140,542	..	2,519,492	..	12,054,233	..	7,929,408	..	1,019,702,633	..
1924	..	563,969,233	..	282,197,025	..	58,888,430	..	36,176,192	..	1,461,775	..	20,443,692	..	5,877,333	..	969,013,700	..
1925	..	637,749,440	..	378,526,322	..	47,050,425	..	34,567,864	..	2,712,025	..	18,994,691	..	9,742,440	..	1,129,343,210	..
1926	..	664,655,716	..	486,464,350	..	19,956,425	..	43,557,383	..	1,011,383	..	12,512,942	..	8,763,400	..	1,236,921,599	..
1927	..	551,571,275	..	562,091,700	..	15,841,558	..	39,414,575	..	2,958,633	..	9,768,591	..	7,474,050	..	1,189,120,382	..
1928	..	510,871,795	..	511,694,394	..	60,928,568	..	36,900,193	..	1,663,337	..	11,052,982	..	7,069,534	..	1,140,180,803	..
1929	..	643,388,869	..	565,561,191	..	29,004,654	..	42,942,636	..	572,363	..	14,876,498	..	7,260,005	..	1,303,606,216	..
1930	..	627,594,598	..	468,778,932	..	11,443,473	..	34,718,189	..	1,931,984	..	20,269,592	..	6,330,650	..	1,171,067,418	..
1931	..	580,912,185	..	562,947,021	..	2,600,976	..	34,950,377	..	1,218,158	..	14,086,629	..	4,837,025	..	1,201,552,371	..
1932	..	331,599,316	..	908,859,160	..	2,029,745	..	37,576,519	..	482,167	..	5,054,240	..	7,185,856	..	1,292,787,003	..
1933	..	461,207,207	..	870,256,491	..	7,857,146	..	51,725,839	..	575,257	..	16,659,397	..	10,823,516	..	1,419,104,853	..
1934	..	608,343,495	..	856,692,099	..	11,402,307	..	71,522,108	..	1,286,479	..	16,101,950	..	31,506,901	..	1,596,855,339	..
1935	..	672,895,959	..	838,550,421	..	4,362,554	..	76,672,190	..	286,537	..	22,164,430	..	40,612,537	..	1,655,544,628	..
1936	..	728,982,817	..	694,618,808	..	21,289,342	..	101,600,534	..	337,233	..	30,890,117	..	111,657,816	..	1,689,376,667	..
1937	..	810,996,633	..	698,501,983	..	33,305,867	..	122,630,267	..	94,800	..	15,066,308	..	165,469,992	..	1,46,065,850	..
1938	..		..		..		..		..		..		..		..		..

NOTE.—Korean cotton before 1916 is totalled under "Sundries."

TABLE No. 38.
JAPAN'S COTTON YARN PRODUCTION AND EXPORTS.

YEAR.	Average Working Spindles.	Production. (Bales of 400 lbs.)				Exports. (Bales of 400 lbs.)						
		16s. warp.	20s. weft	Others.	Total.	China.	Hongkong.	British India.	Philippine Islands.	Korea.	Other countries.	Total.
1910	1,741,168	338,175	258,412	538,193	1,134,780	301,535	17,953	701	3,503	19,825	4,118	347,635
1911	1,784,064	295,065	262,298	571,904	1,129,267	234,324	12,918	1,809	3,076	22,828	10,054	285,009
1912	1,984,191	346,844	335,821	609,544	1,352,209	304,199	29,091	989	3,625	21,034	15,994	374,933
1913	2,167,926	396,645	371,522	749,815	1,517,982	389,297	34,031	3,258	3,296	15,237	23,620	468,739
1914	2,369,801	388,992	439,672	837,517	1,666,181	455,124	66,124	3,144	4,791	19,020	21,787	509,990
1915	2,463,376	393,027	443,040	884,197	1,720,264	403,921	65,241	1,505	3,629	20,688	14,848	569,990
1916	2,757,299	409,053	497,291	1,019,235	1,925,579	440,158	50,381	11,744	1,889	26,137	16,839	575,892
1917	2,850,637	359,623	528,603	1,035,615	1,923,841	356,576	58,405	9,313	3,260	27,597	15,702	470,853
1918	2,936,495	228,818	511,539	1,003,509	1,803,866	231,689	62,598	79,426	5,685	13,053	29,062	421,513
1919	3,179,568	204,486	539,748	1,176,548	1,920,782	156,261	35,638	47,531	693	16,047	16,945	230,337
1920	3,191,753	196,928	191,141	1,128,907	1,816,976	166,711	58,349	47,615	2,548	5,535	24,167	304,925
1921	3,162,353	215,682	436,629	1,159,039	1,811,350	174,584	56,211	37,164	1,418	..	22,884	292,261
1922	3,967,265	205,489	746,731	1,276,026	2,228,246	121,568	83,394	68,319	2,896	..	26,591	394,062
1923	4,079,855	170,357	680,708	1,320,088	2,171,153	121,568	40,108	58,937	2,267	..	28,778	248,325
1924	4,115,692	135,844	631,476	1,305,497	2,072,817	96,536	61,493	80,840	1,799	..	29,692	270,361
1925	4,669,753	142,796	779,203	1,514,784	2,436,783	132,778	58,788	87,172	3,176	..	28,888	310,301
1926	5,002,932	146,983	795,170	1,665,593	2,607,746	72,640	29,286	72,283	3,201	..	28,140	205,550
1927	4,831,429	140,924	784,673	1,605,995	2,530,692	28,762	12,887	54,598	1,921	..	19,577	117,654
		Under 20.	20s.	Medium Counts.	Fine Counts.	Total.						
1928	4,983,089	721,557	736,767	906,924	80,914	22,626	15,921	17,260	1,217	..	14,632	71,056
1929	6,149,365	827,303	878,405	984,992	101,826	17,667	6,988	27,514	1,826	..	13,436	67,401
1930	5,698,030	780,498	808,500	834,426	101,215	13,493	13,272	20,390	1,255	..	10,976	59,380
1931	5,904,342	809,822	803,442	814,308	139,471	3,830	2,349	16,094	1,367	..	7,793	31,442
1932	6,307,884	797,180	896,921	957,915	158,421	9,100	8,103	50,591	962	..	20,049	88,895
1933	6,771,692	877,043	941,139	1,145,009	136,665	428	1,133	18,286	638	(a) 13,260	14,178	47,923
		20s—22s			Above 45s							
1934	7,502,504	962,110	1,100,937	1,305,406	103,989	324	353	24,318	1,085	(a) 13,803	24,961	64,844
1935	8,197,422	999,282	1,026,007	1,412,900.5	122,643	419	3,518	44,880	2,509	(a) 18,979	26,277	90,582
1936	8,392,024	1,015,599	1,027,276	1,425,635	138,948	565	6,783	42,176	4,646	(a) 24,954	31,309	110,524
1937	8,972,671	1,101,887	1,166,956	1,549,246	148,111	1,989	10,419	36,885	5,975	(a) 27,575	46,885	129,728
1938	..	..	..	..	..	..	..	..	..	..	..	..

(a) Manchuria.

TABLE No. 39.
JAPAN'S CLOTH PRODUCTION.

Year.						Average Working looms.*	Production of cotton piece- goods.*	Yarn consumed.*
							Yards.	lbs.
1909	..	..	..	..	..	11,585	181,976,972	57,388,586
1910	..	..	..	..	..	14,911	226,313,958	71,197,654
1911	..	..	..	..	..	17,884	289,039,671	82,498,136
1912	..	..	..	..	..	20,208	342,584,684	93,562,721
1913	..	..	..	..	..	23,299	416,725,357	11,159,616
1914	..	..	..	..	..	24,911	454,901,674	126,863,966
1915	..	..	..	..	..	27,687	502,076,621	124,632,631
1916	..	..	..	..	..	30,110	560,181,108	136,413,408
1917	..	..	..	..	..	31,920	594,649,419	142,770,758
1918	..	..	..	..	..	36,365	656,935,420	160,301,569
1919	..	..	..	..	..	40,969	739,390,012	179,788,560
1920	..	..	..	..	..	44,635	762,037,360	189,651,320
1921	..	..	..	..	..	44,109	700,697,985	179,427,501
1922	..	..	..	..	..	51,033	869,327,652	214,327,505
1923	..	..	..	..	..	52,972	1,000,708,890	240,979,975
1924	..	..	..	..	..	56,351	1,030,905,658	241,319,095
1925	..	..	..	..	..	62,976	1,179,524,733	274,472,668
1926	..	..	..	..	..	65,699	1,277,726,954	294,334,545
1927	..	..	..	..	..	66,733	1,294,668,822	293,166,913
1928	..	..	..	..	..	70,606	1,382,034,413	303,008,225
1929	..	..	..	..	..	67,070	1,538,249,015	336,276,152
1930	..	..	..	..	..	62,767	1,388,423,325	296,592,495
1931	..	..	..	..	..	64,392	1,404,668,382	301,231,848
1932	..	..	..	..	..	68,028	1,532,850,514	325,907,959
1933	..	..	..	..	..	73,966	1,673,880,702	362,300,980
1934	..	..	..	..	..	79,606	1,793,845,440	384,958,215
1935	..	..	..	..	..	82,397	1,843,470,714	392,640,350
1936	..	..	..	..	..	85,974	1,802,400,624	384,296,367
1937	..	..	..	..	..	90,197	1,890,554,335	406,988,842
1938	..	..	..	..	..			

*Sub-work by spinners only.

Sub-work by spinners means that the table in question was prepared from the reports of the weaving companies which are affiliated to the Japan Cotton Spinners' Association.

TABLE No. 40.
STATISTICS.

STATEMENT of Imports of Piecegoods of British Manufacture (Grey, Bleached, Coloured and Printed) and of Yarns (Grey and Dyed) from Great Britain into Bombay, Calcutta and Madras, from the years 1868 to 1938, both inclusive.

YEAR.	PIECEGOODS.			YARNS.		
	Bombay.	Calcutta.	Madras.	Bombay.	Calcutta.	Madras.
	Sq. Yards.	Sq. Yards.	Sq. Yards.	Lbs.	Lbs.	Lbs.
1868.....	555,337,050	619,101,683	31,793,397	7,780,033	13,236,453	6,873,398
1869.....	296,158,439	518,741,346	29,683,469	7,981,949	11,858,210	7,773,636
1870.....	272,898,226	687,639,911	45,750,099	9,946,299	16,816,936	6,649,598
1871.....	305,416,233	684,926,367	47,560,133	6,097,531	12,041,848	8,876,841
1872.....	262,849,273	657,123,291	48,177,871	6,163,813	11,490,636	8,616,040
1873.....	349,631,830	664,987,114	57,666,809	8,667,090	11,192,248	8,918,841
1874.....	292,843,697	765,762,164	49,878,834	8,867,978	14,041,520	10,510,639
1875.....	305,917,934	744,439,224	44,683,288	6,863,763	12,945,102	10,104,020
1876.....	356,940,508	733,913,330	54,875,423	8,246,211	12,090,167	9,664,609
1877.....	354,779,192	885,688,850	39,106,318	10,624,710	14,364,841	8,683,595
1878.....	344,068,807	749,233,431	47,038,579	7,754,005	13,967,396	8,373,916
1879.....	343,811,233	788,759,250	61,375,691	7,469,113	10,580,436	9,581,363
1880.....	531,050,559	1,007,531,497	77,010,037	13,024,923	16,446,089	12,108,002
1881.....	544,890,697	947,329,460	82,451,852	12,326,706	13,597,371	11,099,762
1882.....	500,248,293	883,611,784	106,815,818	12,019,123	14,780,667	13,069,871
1883.....	572,738,196	878,949,353	107,868,579	16,220,463	13,478,764	11,033,824
1884.....	568,220,318	908,294,475	120,841,003	14,299,380	15,313,840	13,114,875
1885.....	547,773,459	911,987,148	93,757,204	14,132,372	13,473,067	99,597,197
1886.....	700,061,881	1,159,407,968	143,318,736	17,087,709	14,177,149	13,937,810
1887.....	585,502,258	988,370,500	117,502,619	14,990,151	14,040,137	13,432,638
1888.....	652,344,548	1,045,951,384	138,271,060	16,595,176	14,778,545	14,570,258
1889.....	634,608,171	1,031,000,980	144,140,943	13,011,348	11,836,681	13,393,848
1890.....	665,550,786	1,037,911,379	115,224,797	15,805,515	12,455,601	13,284,690
1891.....	572,065,309	961,686,226	108,083,576	15,526,869	12,484,617	14,666,189
1892.....	548,944,867	1,013,742,658	93,892,712	12,427,053	10,108,327	10,390,439
1893.....	604,439,138	1,009,441,511	106,086,291	10,466,233	13,124,097	11,387,889
1894.....	719,324,449	1,161,138,343	140,749,235	11,723,808	10,529,734	12,547,763
1895.....	484,780,087	925,203,136	99,427,366	10,857,586	10,689,066	10,188,466
1896.....	574,410,316	1,163,967,702	86,265,292	11,649,977	13,403,663	15,402,931
1897.....	472,597,133	932,328,974	121,396,515	11,788,246	13,299,211	13,650,022
1898.....	557,597,951	1,202,254,978	91,950,978	10,238,969	11,412,068	11,673,878
1899.....	611,556,220	1,266,926,546	93,492,746	10,441,484	10,729,842	11,532,812
1900.....	461,938,302	1,086,463,274	120,383,837	5,892,081	9,435,371	9,496,085
1901.....	629,976,200	1,127,753,500	129,392,500	7,911,750	11,050,890	9,564,200
1902.....	475,541,800	1,176,051,500	119,878,000	6,299,820	7,411,640	9,438,560
1903.....	520,373,400	1,119,542,300	129,898,800	5,300,460	6,442,050	6,699,580
1904.....	593,591,100	1,193,265,900	145,618,800	6,221,400	6,613,460	8,056,710
1905.....	637,039,600	1,292,516,900	119,829,700	11,368,420	11,443,550	10,175,810
1906.....	611,705,100	1,189,552,900	142,636,200	10,548,720	10,300,210	10,260,270
1907.....	646,598,400	1,298,662,500	131,107,800	10,419,750	9,921,670	7,601,280
1908.....	470,956,400	1,005,027,600	200,636,400	10,894,540	9,019,320	10,432,380
1909.....	481,389,100	1,180,586,000	108,497,400	16,251,580	8,448,010	6,169,190
1910.....	624,859,600	1,129,898,600	109,976,800	8,410,140	6,384,450	6,891,410
1911.....	622,516,400	1,226,065,400	138,414,300	12,842,440	9,179,460	8,364,340
1912.....	658,026,700	1,451,819,200	173,698,700	13,298,110	11,913,170	10,745,130
1913.....	804,333,100	1,547,872,400	210,797,700	13,628,700	7,519,860	9,497,740
1914.....	617,498,700	1,378,930,300	160,552,000	13,538,110	9,985,330	8,280,700
1915.....	354,966,900	1,052,246,400	106,332,200	15,423,650	8,974,950	10,801,200
1916.....	481,857,500	1,035,437,900	88,153,700	8,931,510	5,922,490	7,583,020
1917.....	851,853,300	898,872,200	78,886,500	5,185,900	5,646,600	6,295,900
1918.....	429,754,300	449,044,800	33,046,000	2,054,500	2,211,400	3,490,800
1919.....	275,575,100	423,299,200	37,684,300	3,217,300	2,401,100	3,201,100
1920.....	569,054,700	656,277,100	69,872,000	10,850,000	5,096,900	6,011,600
1921.....	265,737,000	744,049,100	50,486,100	18,383,900	7,573,200	7,257,800
1922.....	410,565,000	854,974,300	77,837,700	21,204,800	7,284,200	7,471,600
1923.....	476,873,200	797,622,700	89,096,800	9,024,500	5,154,800	5,978,300
1924.....	553,405,800	938,652,800	91,324,300	9,281,600	4,280,600	5,613,800
1925.....	524,457,900	767,338,700	72,441,200	6,244,300	4,184,500	4,465,500
1926.....	504,044,100	902,411,700	93,138,100	8,809,600	4,286,100	6,244,000
1927.....	576,045,900	924,941,700	84,499,100	8,681,600	5,262,900	6,660,400
1928.....	687,653,200	710,112,300	92,249,700	9,089,800	4,960,500	6,791,500
1929.....	511,977,900	687,826,200	108,049,200	8,318,800	4,031,000	8,447,700
1930.....	317,988,200	345,331,500	75,803,600	4,734,900	1,959,400	4,620,200
1931.....	231,407,000	77,021,300	59,272,200	3,407,400	2,608,000	4,785,400
1932.....	339,930,400	129,501,100	78,127,500	3,792,200	2,964,900	7,036,100
1933.....	258,655,100	131,375,900	66,094,000	2,416,400	3,088,000	4,740,800
1934.....	326,065,000	161,206,000	59,335,000	2,106,300	2,968,600	3,687,300
1935.....	306,200,000	138,804,000	56,439,000	2,569,000	3,744,600	3,896,000
1936.....	258,847,000	96,010,000	36,014,000	2,173,200	3,018,500	2,996,300
1937.....	224,494,000	67,800,000	30,900,000	1,477,700	2,095,800	3,497,400
1938.....	183,935,000	69,100,000	20,285,000	817,500	2,764,400	1,555,500

Figures from "Accounts relating to Trade and Navigation of the United Kingdom."

Report for the year 1938.

Section VI.

RULES AND REGULATIONS.

**Rules for the Registration of Trade Marks, Trade Numbers,
Trade Names, Rules for Arbitration on Piecegoods, Standard
Contract Form, Etc., Etc.**

RULES AND REGULATIONS.

*Revised and adopted down to the Special General Meeting held on
13th February 1930.*

1. The Association shall be called the Bombay Millowners' Association. Name.
2. The Office of the Association will be situate in Bombay.
3. The objects of the Association are :— Objects of the Association.
 - (a) To encourage friendly feeling and unanimity amongst Millowners and users of steam, water and/or electric power on all subjects connected with their common good.
 - (b) To secure good relations between members of the Association.
 - (c) To promote and protect the trade, commerce and manufactures of India in general and of the cotton trade in particular.
 - (d) To consider questions connected with the trade, commerce and manufactures of its members.
 - (e) To collect and circulate statistics and to collect, classify and circulate information relating to the trade, commerce and manufactures of its members.
 - (f) To take all steps which may be necessary for promoting, supporting or opposing legislative and other measures affecting the trade, commerce or manufactures of its members.
 - (g) To make representations to Local, Central and Imperial authorities on any matter connected with the trade, commerce and manufactures of its members.
 - (h) To arbitrate in the settlement of disputes arising out of transactions in piece-goods and yarn between parties willing or agreeing to submit to arbitration in accordance with the arbitration rules of the Association.
 - (i) To advance and promote commercial and technical education connected with the trade and commerce of its members.
 - (j) To undertake special inquiries and initiate or support any action for securing the redress of legitimate grievances connected with the trade or commerce of its members.
 - (k) To take any action which may be conducive to the extension of the trade and commerce of its members or incidental to the attainment of this object.
 - (l) To subscribe, to become a member of and co-operate with any other Association whether incorporated or not whose objects are altogether or in part similar to those of this Association and to procure from or communicate to any such Association such information as may be likely to forward the objects of this Association.
 - (m) To establish or aid in the establishment of funds to benefit employees of the Association or the dependents of such persons and to subscribe, donate or guarantee money for charitable or benevolent purposes at the discretion of the Association.
 - (n) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Association directly or indirectly.

Persons eligible
for membership.

4. Any individual, firm or Company owning one or more mill or mills or one or more press or presses or one or more ginning or other factory or factories actuated by steam, water, electric and/or other power shall be eligible for membership of the Association.

Definition of the
term "member."

5. The expression "Member" in these rules shall ordinarily mean the person, firm or Company, as the case may be, by whom or by which any such mill or mills, press or presses, or factory or factories as last aforesaid is or are actually owned, but shall where the context so requires or permits also mean and include the person or persons for the time being entitled or empowered in accordance with these rules to act and vote on behalf of any member of the Association.

Voting power of
members.

6. At any General Meeting of members of the Association every member shall be entitled to one vote for every complete sum of Rs. 50 paid by him as annual subscription under Rule 35 hereof.

7. Each individual, who, as an individual, shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled either to act and vote on his own behalf or to empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign his name per procuration, to act and vote on his behalf.

8. Every partner in any firm, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of his firm, and the firm may also empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign the name of the firm per procuration, to act and vote on behalf of the firm.

9. Every Director of a Joint Stock Company, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company, and the Agent, Secretary or Manager, as the case may be, of such Company, and every partner in any firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, and likewise any one or more persons, who shall have been duly authorized by the Agent, Secretary or Manager, as the case may be, of such Company, or by the firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, to sign either the name of such Agent, Secretary or Manager or the name of such firm, per procuration, shall also, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company.

10. The name of every person entitled or empowered to act and vote on behalf of any member of the Association, whether such person be the member himself or any other person, shall be notified in writing by such member to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, and if more than one person shall be entitled or empowered to act and vote on behalf of any member, such member shall notify in writing to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, the order of precedence in which such persons shall be entitled to act and vote on behalf of such member.

11. When any member shall notify to the Secretary of the Association that any one or more persons, other than the member himself, is entitled or empowered to act and vote on behalf of such member, such member shall, in such notification, state the capacity in which such person or each of such persons is so entitled or empowered to vote, that is to say, either as a member of a firm or as a Director or Agent or Secretary or Manager of a Company or as the holder of a power to sign per procuration or otherwise as the case may be.

12. If the name of any person shall be notified as a person empowered to act and vote on behalf of a member by virtue of being the holder of a power to sign per procuration, the notification shall be accompanied by the document authorizing such person to sign per

procuration, in order that the same may be registered by the Secretary, and the Secretary shall, after registering the document, return it to the person who sent it.

13. The Association shall provide a Register, to be called "Register of members and of persons entitled to act and vote for members" (hereinafter in these rules referred to as "the said Register"), and the names of all members of the Association shall be entered in the said Register together with the name of each person entitled or empowered, in accordance with these rules, to act and vote for such members, so soon as the name of such persons and all particulars regarding him and all formalities shall have been duly notified and observed in accordance with these rules, and when the name of more than one person shall have been notified as entitled to act and vote for any one member of the Association, the names of such persons shall be numbered in the order of precedence in which such persons are entitled to act and vote for such member.

14. No person shall be entitled to act or vote on behalf of any member of the Association unless and until his name shall have been entered in the said Register as a person entitled to act and vote for such member.

15. If two or more persons, who shall be entitled to act and vote on behalf of one and the same member of the Association, shall be present at any meeting of the Association, that one, who takes priority in the order of precedence in the said Register, shall alone be entitled to vote at such meeting.

16. If any one person shall, according to these rules, be entitled to act and vote for more than one member of the Association, such person shall be entitled to act and to exercise the right of voting, according to these rules, for each member, on whose behalf he is entitled to act and vote.

17. Members of the Association shall be elected by ballot in the manner hereinafter mentioned. Mode of electing members.

18. Every candidate for election as a member of the Association must be proposed by one member of the Association and seconded by another, and a letter of proposal signed by the proposer and seconder must be sent to the Managing Committee of the Association (hereinafter called "the Committee").

19. After the receipt by them of a proposal duly made and seconded according to these rules of a candidate for election as member of the Association, the Committee shall fix a day for the commencement of the ballot for the election of such candidate.

20. Not less than seven days before the day so fixed as aforesaid for the commencement of the ballot for the election of any candidate, notice in writing shall be given by the Committee to all members of the Association of the name of the candidate and of his proposer and seconder and of the date so fixed as aforesaid for the commencement of the ballot for the election of such candidate.

21. The Committee shall, before the day appointed for the commencement of the ballot for the election of a candidate for membership of the Association, appoint a scrutineer for such election.

22. The Association shall, for the purposes of all elections by ballot, provide a ballot-box with a lock and key and with an aperture sufficiently large to admit of the deposit therein of voting papers.

23. Before the time appointed under these rules for the commencement of the ballot for the election of any candidate for membership of the Association, the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same, and the same shall not be opened until after the expiration of the full time appointed for such ballot.

24. The Committee shall provide voting papers for the election of a member of the Association in such form as they shall, from time to time, think fit and shall send one of such voting papers to each member of the Association, not less than seven days before the day fixed according to these rules for the commencement of the ballot for the election of any candidate for membership of the Association.

25. If any person entitled or empowered to vote concerning the election of a candidate for membership of the Association shall desire to exercise his right of voting he shall fill up a voting paper in accordance with the directions contained therein stating whether he votes for or against the election of such candidate and shall sign the paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

26. Voting papers may be deposited in the ballot-box in accordance with these rules at any time between the hours of 10-30 a.m. and 4 p.m. on the day appointed for the commencement of the ballot or on any one of the six succeeding days, exclusive of Sundays or Gazetted Holidays.

27. The ballot-box shall, at 4 p.m. on the seventh of the days appointed for the election of any candidate for membership, be opened by the Secretary in the presence of the scrutineer, and the votes shall be counted and scrutinized by the scrutineer, and the scrutineer shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

28. No candidate for election as a member shall be deemed to have been elected unless the number of votes recorded is greater than one-fourth of the total number of the votes which would have been recorded if all members had voted. One adverse vote in every six votes recorded shall exclude. The result of every election shall be recorded in the Minutes of the Proceedings of the Committee.

29. If any candidate for election as a member of the Association shall not be elected, his proposer shall be informed of his non-election by the Secretary.

30. Particulars of the voting for the election of any candidate for election as a member of the Association shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

31. A candidate, who shall have been proposed for election as a member of the Association and shall not have been elected, shall not be again eligible for election as a member of the Association until after the expiration of six months from the date of the election at which he shall not have been elected.

32. If a candidate for election as a member of the Association be elected, his election shall be notified in writing by the Secretary to his proposer and likewise to the candidate himself, and a copy of the last annual report of the Association and also a copy of the Rules of the Association, together with a bill for the entrance fee payable by such member on election and the amount of the annual subscription payable in accordance with these rules shall be sent to him by the Secretary.

Membership sub-
scription.

33. Every member who shall after the date on which these rules shall come into force be elected a member of the Association shall pay on election an entrance fee of Rs. 100.

34. Every member who shall after the date on which these rules shall come into force be elected a member of the Association after the 1st January but before the 1st October in any year shall in addition to the entrance fee pay such proportion of the annual subscription for that year as shall be attributable to the period between the date of election and the 31st December of that year. Every member similarly elected after the 30th September in any year shall pay in addition to the entrance fee one-quarter of the annual subscription for that year.

35. Each member of the Association shall pay the annual subscription to the Association which may from time to time be determined by the Committee. Provided that the resolution of the Committee determining such annual subscription shall be passed by a majority of not less than two-thirds of the members of the Committee present at a special meeting called for the purpose of determining such subscription.

36. Annual subscriptions shall be payable in advance on the 1st January in each year in respect of the period from the 1st January to the 31st December in that year, and a member shall not be entitled to exercise any of the privileges of membership if his subscription is more than two calendar months in arrear.

37. The Committee of the Association shall, in the case of mills which remain entirely closed for one calendar year or more for causes not due to a strike or a lock-out, be empowered to remit the ordinary membership subscription, and to substitute therefor a subscription of Rs. 100 only for each calendar year during which the mills remain entirely closed.

38. A member who shall fail to pay his subscription for a period of three calendar months after it has become payable shall, *ipso facto*, cease to be a member of the Association and his name shall forthwith be removed from the said Register. Provided that the Committee may, for good cause shown for such non-payment of the subscription as to which the decision of the Committee shall be final and binding upon the member in default, and upon payment of the subscription in arrear, revoke the cancellation of membership and order the name of such member to be reinstated in the said Register. Subscriptions in arrear shall be treated as a debt due to and recoverable by the Association.

39. Each member shall, on election to the Association, sign a form of adherence to the rules of the Association in the form from time to time approved by the Committee and until such form shall have been signed a member shall not be entitled to exercise any of the privileges of membership. Form of adherence to be signed by members.

40. Every member of the Association shall have power to terminate his membership thereof by giving not less than three calendar months' previous notice in writing (expiring at any time) to the Secretary of the Association of his desire to terminate such membership and upon the expiration of any such notice such member shall cease to be a member of the Association and his name shall forthwith be removed from the said Register. Mode of resigning from membership.

41. The affairs and funds of the Association shall be managed by a Managing Committee hereinbefore and hereinafter called "the Committee" to be constituted as hereinafter mentioned. The Committee, its constitution and mode of election.

42. The members of the Association shall, in each year between the 1st and the 31st day of January, elect the Committee from amongst the list of persons whose names appear in the said Register as persons entitled to act and vote for members.

43. The Committee shall consist of a Chairman, a Deputy Chairman and not more than eighteen ordinary members, making a maximum of twenty members in all.

44. The Committee, holding office for the time being, shall appoint a day between the 1st and the 31st day of January in each year for the election of the Chairman, the Deputy Chairman and the eighteen ordinary members of the Committee for the ensuing year, and shall cause notice of the day so appointed for such election as aforesaid to be advertised in at least one English and one Vernacular newspaper published in Bombay.

45. The Secretary of the Association shall also give to each member of the Association not less than seven days' notice in writing of the day appointed for the said elections and of the names of all authorized representatives of members who are eligible for election as members of the Committee.

46. The members of the Committee shall be elected by ballot.

47. The Committee shall, before the day appointed for the said election, appoint a scrutineer for each of the said elections.

48. Before the time appointed under these rules for the commencement of the ballot upon the day appointed for the said elections the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same and the same shall not be opened until 4 p.m. upon that day.

49. The Committee shall provide separate voting papers for

- (a) the election of a Chairman of the Committee,
- (b) the election of a Deputy Chairman of the Committee,
- (c) the election of eighteen ordinary members of the Committee,

in such form as they shall, from time to time, think fit and shall send to each member of the Association not less than seven days before the day fixed for the said elections, one voting paper in respect of the election of the Chairman, one voting paper in respect of the election of the Deputy Chairman and one voting paper in respect of the election of the ordinary members of the Committee.

50. On the day appointed for the said elections voting shall commence at 10-30 a.m. and terminate at 4 p.m.

51. If any person entitled or empowered to vote concerning the election of the members of the Committee shall desire to exercise his right of voting, he shall, in the case of the election of a Chairman, write on a voting paper relative to the election of a Chairman the name of the person representing a member of the Association whom he desires should be appointed such Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of a Deputy Chairman, write on a voting paper relative to the election of a Deputy Chairman the name of the person representing a member of the Association whom he desires should be appointed such Deputy Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of the eighteen ordinary members of the Committee, write on a voting paper relative to the election of the ordinary members of the Committee, the names of the eighteen persons representing members of the Association whom he desires should be appointed as ordinary members of the Committee as aforesaid and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

52. Voting papers regarding the elections of a Chairman, Deputy Chairman and the ordinary members of the Committee may be deposited in the ballot-box in accordance with these rules between the hours of 10-30 a.m. and 4 p.m. on the day which shall have been appointed under these rules for such elections.

53. At 4 p.m. on the day appointed for the said elections the ballot-box shall be opened by the Secretary of the Association in the presence of the scrutineer and the votes shall be counted and scrutinized by the scrutineer, who shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

54. Particulars of the voting for the election of the members of the Committee shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

55. Those persons in whose favour the largest number of votes shall have been cast for the respective appointments of Chairman, Deputy Chairman and ordinary members of the Committee shall be deemed to have been appointed Chairman, Deputy Chairman and ordinary members of the Committee respectively.

56. Two representatives of any one member entitled under Rule 6 to ten votes or less shall not be on the Committee at the same time, and if two representatives of any one such member shall be elected to serve on the Committee at the same time, the election of that representative who obtains the lesser number of votes shall be void. In case of an equality of votes, the Chairman of the retiring Committee shall have a casting vote.

57. No member of the Association shall vote for more than one Chairman, one Deputy Chairman and eighteen ordinary members of the Committee.

58. If any person who shall have been elected according to these rules either as Chairman of the Committee or as Deputy Chairman of the Committee shall decline to accept the appointment there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be.

59. If any person who shall have been elected in accordance with these rules as an ordinary member of the Committee shall decline to accept the appointment the person who shall have received the next largest number of votes shall be considered to have been elected, and if there shall be no such person then the vacancy shall be filled by the retiring Committee.

60. If in any ballot for a Chairman or Deputy Chairman of the Committee there shall be an equality of votes for the appointment, there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be. If in any ballot for the election of the eighteen ordinary members of the Committee there shall be an equality of votes for the eighteenth appointment, the Chairman of the retiring Committee shall have a casting vote.

61. The new Committee shall take office upon the conclusion of the first Annual General Meeting of the members of the Association held after their election, and shall continue to hold office until the conclusion of the next Annual General Meeting of the members of the Association, when they shall retire but shall be eligible for re-election.

62. If any member of the Committee shall be absent from the regular meetings of the Committee for more than three consecutive months he shall, unless he shall have previously obtained leave of absence from the Committee, be deemed to have vacated his office.

63. When any vacancy other than a vacancy in the office of Chairman or Deputy Chairman shall occur in the Committee, the members of the Committee shall have power to appoint any duly qualified person to fill such vacancy who shall hold office until the conclusion of the next Annual General Meeting of the members of the Association when he shall retire but shall be eligible for re-election. Similarly if any member of the Committee shall have previously obtained leave of absence from the General Meetings of the Committee, the members of the Committee shall have power to appoint any duly qualified person to act as a member of the Committee during the absence of such member.

64. If any vacancy other than a temporary vacancy shall occur in the office of Chairman or Deputy Chairman of the Committee, such vacancy shall be filled by the election according to these rules by the members of the Association of any duly qualified person. A temporary vacancy may be filled by the members of the Committee from their own number.

65. The Chairman of the Committee shall, if present, preside at all meetings of the Committee held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and failing both, the chair shall be taken by one of the members of the Committee who shall be appointed by the other members of the Committee present at such meeting. The procedure to be adopted by the Committee in conducting business.

66. In case of a tie in voting in Committee the Chairman for the time being shall have a casting vote in addition to his own vote.

67. Five members of the Committee shall constitute a quorum.

68. The Committee shall meet at least once in every month.

Power of the
Committee.

69. The Committee shall have power to require from any member an explanation as to any act done or conduct pursued by such member which in the opinion of the Committee shall be in contravention of the rules of the Association or to the detriment or discredit of the Association or shall be injurious to the welfare and interests of the Association. If any such explanation shall be refused or having been given shall be deemed unsatisfactory, the Committee shall cause a Special General Meeting of the Association to be convened to consider the acts and conduct of such member, and the Association shall have power if a quorum be present at such Special General Meeting to resolve by a majority of not less than two-thirds of the votes cast at the meeting to declare that such member is expelled from the Association.

70. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association and shall not be entitled to claim any refund on account of subscription which may have already been paid.

71. Previous to each Annual General Meeting of the members of the Association, the Committee shall prepare a report of the proceedings of the Association during the year prior to such General Meeting and shall cause the same to be printed and shall send at least one printed copy thereof to each member of the Association not less than seven days prior to the date fixed for the said Annual General Meeting. The Committee may also, if they see fit to do so, send any one or more copies of the said report to any individual or Corporation or Association to whom or to which they may think it desirable in the interests of the Association to send the same.

72. The Committee shall have authority to appoint Solicitors to the Association and the Committee may consult them whenever they deem it expedient to do so.

73. The Committee shall have authority at any time and from time to time, if for any reason they shall consider it advisable to do so, to attach to the office of the Chairman of the Committee a remuneration or honorarium of such amount, and to operate from such date and for such period as the Committee may determine, and such remuneration or honorarium shall be met from the revenues of the Association.

74. At the first meeting of the Committee held after the holding of the Annual General Meeting of the members of the Association in each year, the Committee shall appoint three or more of their number to form a Sub-Committee for the purpose of deciding questions other than arbitrations, arising under the rules of the Association relating to the registration of trade marks, and the decision of such Sub-Committee on such questions shall have the same effect as if given by the entire Committee. Any vacancy which may from time to time occur in any such Sub-Committee shall be filled by the Committee by the appointment thereto of another member of the Committee.

75. The Committee may from time to time appoint a Sub-Committee to investigate and to report upon any matter whatsoever and may invite any member of the Association not being a member of the Committee to serve on any such Sub-Committee, or may consult any outside authority if for any special reason such a course may seem to them advisable.

76. Sub-Committees other than a Sub-Committee appointed under Rule 74 shall have no executive or substantive power or authority, and the duty of every Sub-Committee shall be to report to the Committee the result of its investigations, deliberations or other proceedings.

Duties of Secretary and Assistant Secretary.

77. A Secretary of the Association shall be appointed and his remuneration shall be fixed by the Committee. The Secretary shall devote himself entirely to the business and affairs of the Association except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Association and of funds connected with or in any way controlled by the

Association. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Association. He shall give notice as desired by the Chairman or Deputy Chairman of all meetings of the Association, of the Committee, of the Departmental Committees and Sub-Committees of the Association and of all Associations working in connection with the Association. He shall duly notify members of their election, collect all dues from members of the Association or from any Committee or any Association working in connection with the Association. He shall prepare the Annual Report of the Association and the reports of all Committees and of all Associations connected with the Association under the guidance of the Chairman and the Committee and generally shall perform all such duties as are incidental to his office and generally act under the orders of the Chairman or in his absence of the Deputy Chairman and the Committee. In all matters appertaining to the detailed duties of his office as above enumerated he shall follow the policy and instructions laid down by the Chairman or in the absence of the Chairman by the Deputy Chairman.

78. An Assistant Secretary of the Association may be appointed, and if so appointed, his remuneration shall be fixed by the Committee. The Assistant Secretary shall during any temporary absence of the Secretary owing to sickness or any other cause or during the absence of the Secretary on leave perform all or any of the duties of the Secretary as may be assigned to him.

79. Minutes of all proceedings of the Committee shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time. Minutes Book of the Committee.

80. A general meeting of the Members of the Association to be called the Annual General Meeting shall be held in each year at such time as the Committee may appoint. General Meetings of members.

81. The Committee may also at any time call a General Meeting should it seem to them expedient to do so.

82. If any four members of the Association shall by a requisition in writing signed by the said four members respectively addressed to the Committee and containing a statement of their reasons for the requisition request the Committee to call a General Meeting of the members of the Association the Committee shall call such General Meeting to be held within fourteen days after the receipt by the Committee of the said requisition, and if the Committee shall refuse or neglect to call such General Meeting to be held within the time aforesaid, the said four members who shall have signed the said requisition, shall have power themselves to call such General Meeting to be held on such day as they themselves shall appoint.

83. Seven clear days' notice of every Annual General Meeting shall be given by advertisement in at least one English and one Vernacular newspaper published in Bombay and seven clear days' notice shall also be given to members of every Special General Meeting, except Urgent General Meetings specially convened by the Chairman or the Committee.

84. No business shall be transacted at any General Meeting unless a quorum according to these rules shall be present at such meeting.

85. At any General Meeting a quorum shall be constituted if the number of votes of the members represented at the meeting shall exceed 25 per cent. of the total number of votes of all the members for the time being of the Association.

86. If on the day originally appointed for holding a General Meeting a quorum according to these rules shall not, within thirty minutes of the time appointed for the commencement of the meeting, be present, the meeting shall be adjourned to such time on such day not being less than 10 days thereafter as the Committee may determine and if a quorum shall not, within fifteen minutes after the time appointed for the commencement of such adjourned meeting, be present, the members then present shall constitute a quorum and may transact the business for which the meeting was convened.

87. Whenever any meeting shall be adjourned under Rule 86 on the ground that a quorum was not present within the prescribed time, seven clear days' notice shall be given by the Committee by advertisement in at least one English and one Vernacular newspaper published in Bombay of the day and time to which such meeting shall have been adjourned.

88. The Chairman of the Committee shall, if present, preside at all General Meetings of the members of the Association held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and, failing both of these, the chair shall be taken by one of the members of the Committee, who shall be appointed by the other members of the Committee, present at such meeting.

89. The voting at any General Meeting shall be in the first instance, by show of hands, but this shall not preclude any member present from demanding a poll. If a poll is demanded the number of votes to which each member shall be entitled shall be calculated in accordance with Rule 6. The result of a poll shall supersede a vote taken by show of hands. In the case of a tie in voting at any General Meeting the Chairman for the time being of the meeting shall have a casting vote.

90. Minutes of all proceedings at every General Meeting of the members of the Association shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time.

91. Every resolution which shall have been duly passed according to these rules at any General Meeting of the members of the Association shall be binding upon all the members of the Association.

Special General Meeting for concerted general action.

92. All proposals or recommendations for concerted general action respecting the mills which the Committee of the Association may consider to be concerned in respect to a strike, lockout, short-time working or organized lessening of production, payment of bonus, increases or reductions in wages, or any other matter whatsoever, shall only be adopted if passed by a majority of not less than 85 per cent. of the votes cast at a Special General Meeting duly called for the purpose of considering such proposals or recommendations.

Expulsion of members for contravening resolutions adopted at the General Meeting.

93. Any member of the Association who shall contravene the terms of any proposal which has been approved and adopted by the members of the Association under Rule 92 hereof shall be liable to be summarily expelled from the Association by a resolution of the Committee declaring that such member is expelled; provided that such resolution shall be passed by a majority of not less than three-fourths of the members of the Committee present at a Special Meeting called for the purpose of considering such contravention.

94. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association, and shall not be entitled to claim from the Association any refund on account of subscription which may have already been paid.

95. A firm or Joint Stock Company or other Corporation which shall be expelled under the last preceding rule shall be eligible for re-election after the expiry of six months from the date of expulsion provided not less than three members in addition to the proposer and seconder concur in the proposal for re-election.

Funds and properties of the Association.

96. The control of the funds of the Association shall be vested in the Committee, who in addition to the powers expressly conferred on them by these rules may exercise all such powers, and do all such acts and things as may be exercised or done by the Association and are not hereby or by law expressly directed or required to be exercised or done by the Association in General Meeting, and in particular may from time to time at their discretion raise or borrow or secure the repayment of any sum or sums of money in all respects as they think fit.

97. If at any time during the year the funds at the disposal of the Committee are insufficient or are likely to be insufficient to defray the estimated expenditure for the remaining portion of the year, then the Committee shall, in such case, call a General Meeting of the members of the Association and lay the accounts of the Association before such meeting.

98. The Committee shall cause proper books of account to be kept of the transactions of the Association and of the assets, credits and liabilities thereof, which books of account shall be kept at the office of the Association or at such place or places, and in the charge of such person or persons as the Committee may from time to time direct.

99. At least seven days previous to each Annual General Meeting of members of the Association the Committee shall send to each member of the Association a duly audited income and expenditure account, and a balance sheet, containing a summary of the property and liabilities of the Association and made up to the 31st December of the year immediately preceding the meeting, and such account and balance sheet shall be laid before the members at the Annual General Meeting of the Association in each year.

100. The Committee for the time being shall have power to invest and deal with any of the moneys of the Association not immediately required for the purposes thereof in such securities and in such manner as they may think fit and from time to time to vary or realize such investments.

101. The Committee shall have the power to determine the manner in which bills, loans, receipts, acceptances, endorsements, cheques, releases, contracts and documents shall be signed or executed by and on behalf of the Association.

102. There shall be two Trustees of the Association and the first Trustees shall be Mr. H. P. (now Sir H. P.) Mody and Mr. Ratansi D. Morarji. Subsequent Trustees shall be appointed by resolution of the Committee. Any person for the time being entitled to act and vote for a member shall be eligible as a Trustee. Any Trustee who shall cease to be entitled to act and vote for a member shall *ipso facto* cease to be a Trustee. Any Trustee may be removed by a majority of three-fourths of the members of the Association present at a meeting duly convened for the purpose of considering such removal.

103. All the funds and properties of the Association shall be vested in the Trustees who shall have the custody of all securities and documents of title relating thereto and shall deal with and dispose of the same and the income thereof in accordance with the written directions from time to time given to them by the Committee for the time being.

104. Neither the Chairman, Deputy Chairman, nor any ordinary member of the Committee nor the Secretary nor any Trustee shall be answerable for anything other than his own acts or defaults, nor shall he be answerable for any act done by him for the sake of conformity only, nor for any moneys of the Association other than such as shall come into his own hands, nor for any collector or receiver of moneys appointed by the Committee, nor for any misfortune, loss or damage, happening to the Association by reason of any deed done or executed by him as a Chairman, Deputy Chairman or ordinary member of the Committee or as Secretary or Trustee, nor by reason of any error in judgment or mere indiscretion on his part in the performance of his duties, nor otherwise on any account, except for wilful negligence or fraud. Every person being Chairman, Deputy Chairman, or an ordinary member of the Committee or Secretary or Trustee of the Association, his heirs, executors or administrators shall at all times be indemnified and saved harmless out of the funds of the Association from and against all costs, losses, damages and expenses whatsoever incurred or sustained by him in the execution of his power or duties, and every person having been or being a Chairman, Deputy Chairman, or ordinary member of Committee or Secretary or Trustee of the Association, his heirs, executors and administrators shall be indemnified and saved harmless out of the funds of the Association against all actions, suits, claims and demands whatsoever brought or made against him or them in respect of any engagement of the Association save such as may be incurred by his own personal wilful neglect or default.

Responsibility of
the Chairman,
Deputy Chairman,
Secretary and
members of the
Committee.

The date when the rules come into force and the mode of altering the rules.

105. These rules shall come into force on the First day of March 1925 on which date the present rules shall stand cancelled. No alterations in these rules shall be made save and except by a majority of not less than three-fourths of the votes cast at a General Meeting of the members of the Association duly convened and held for the purpose of considering such alteration, the terms of which shall have been fully set forth in the notice convening the meeting.

RULES FOR THE REGISTRATION OF TRADE MARKS.

Revised and adopted down to the Annual General Meeting of the Association held on 3rd March 1927.

1. Throughout all these rules the following words shall bear and include the following Interpretation. meanings :—

- (a) 'The Association' means the Millowners' Association, Bombay.
- (b) 'Member' means a member of the Millowners' Association, Bombay.
- (c) 'The Secretary' means the Secretary of the Millowners' Association, Bombay.
- (d). 'The Managing Committee' means the Managing Committee of the Millowners' Association, Bombay.
- (e) 'Trade mark' includes 'ticket' and 'stamp.'
- (f) 'Colourable imitation' includes a trade mark, which is likely to become known by or to acquire the same name as that by which another trade mark is already known or which such other trade mark has already acquired.

2. For the purposes of these rules a registrable trade mark must consist of a distinctive mark device or design not being a name, signature or word or words (invented or otherwise) either alone or in combination with one or more of the following :—

- (a) The name of a Company, individual or firm represented in a special or particular manner.
- (b) An invented word or invented words.
- (c) A word or words having no direct reference to the character or quality of the goods and not being according to its ordinary signification a geographical name or surname.

Provided—

- (1) that any trade mark registered in the Permanent Register of the Association prior to the 31st March 1924 shall be registrable as a trade mark under this rule;
- (2) that no trade mark shall be accepted for registration which contains or consists of any scandalous design, or any matter the use of which would by reason of its being calculated to deceive or otherwise be disentitled to protection in a Court of Justice, or would be contrary to law or morality ;
- (3) that no trade mark shall be accepted for registration which contains or consists of a representation of the Royal Arms (or Arms so closely resembling the Royal Arms as to be calculated to deceive), or of a photograph or photographs of any member or members of the Royal Family.

3. All goods to which these rules apply shall be divided into the following classes :—

Classification of goods.

Class 1.—Cotton yarns and threads being either grey or bleached.

Class 2.—Cotton yarns and threads being coloured either in whole or in part.

Class 3.—Cotton piecegoods of all kinds.

Registers.

4. The Association shall keep two registers, one of which shall be called 'The Permanent Register' and the other 'The Suspense Register.'

Duty of members to register trade marks and mode of applying to register same.

5. Every member shall send to the Secretary an application in writing addressed to the Secretary and signed by the member or by some person duly authorized to sign the same on behalf of the member, to register with the Association every trade mark, not already registered by such member with the Association, which is or is to be the property of such member and which such member desires to apply to any produce of the mill or mills, factory or factories, owned by such member.

6. Every such application shall specify the name by which the trade mark to which the application relates is intended to be known and the class or classes of goods to which the trade mark is intended to be applied and shall be accompanied by one copy of the trade mark for the use of the Association and also by such further number of copies thereof as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members.

7.* Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

Secretary to enter every trade mark which a member shall apply to register in the Suspense Register.

8. The Secretary shall forthwith on receipt of an application for registration of a trade mark with the Association made in conformity with these rules enter the said trade mark in the 'Suspense Register' for use on goods of the class or classes specified in the application.

Notice of every application to register a trade mark to be sent to every member.

9. The Secretary shall so soon as may be after any application shall have been made for the registration of any trade mark with the Association, send to every member a copy of such application with an intimation of the date when it was made and that such trade mark has been entered in the Suspense Register and shall also send with such intimation one copy of such trade mark, and also if the application shall have been accompanied by a notification in conformity with Rule 21 that the member, who shall have made the application, is not willing to refer to arbitration any matter relating to the application, one copy of such notification and shall after the expiration of three weeks from the date of the despatch of such intimation send a reminder to each member who shall not in the interval have acknowledged the receipt of such intimation or otherwise intimated that such intimation has been received by such member.

Effect of entry of trade mark in Suspense Register.

10. The entry of a trade mark in the Suspense Register shall not confer upon the member upon whose application the same shall have been so entered any right against any other member in respect of the trade mark so entered save and except a right to apply for the removal of any other trade mark from the Suspense Register as in Rule 11 hereinafter set forth.

Applications for removal of trade mark from the Suspense Register.

11. Any member may apply that any trade mark which has been entered in the Suspense Register may be removed therefrom on the ground that it is an imitation colourable or otherwise of another trade mark which at the time of the entry of the trade mark objected to was then already in the Suspense Register and had been entered therein on application of the member applying for such removal and was intended to be applied to the same class or classes of goods as the class or classes to which the trade mark objected to is intended to be applied.

* See Supplementary Provisions relating to Dealers' Trade marks (vide Appendix 3, pages 150-151).

12. Every application for removal of a trade mark from the Suspense Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the ground on which the same is made.

13. Every application for removal of a trade mark from the Suspense Register shall be determined in the manner hereinafter prescribed ; and if, when the same shall have been so determined, the application shall be upheld, the trade mark for the removal of which the application shall have been made, shall forthwith be removed from the Suspense Register.

14. Any member may object to any trade mark being entered in the Permanent Register on the ground that such trade mark is an imitation colourable or otherwise of a trade mark which has already, on the application of such objecting member, been entered in the Permanent Register for use on goods of a class or classes similar to the class or classes of goods to which the trade mark, in respect of which an application has been made, is intended to be applied, and that such trade mark so already entered, is habitually applied by such objecting member to such class or classes of goods. Objections to entry of a trade mark in the Permanent Register.

15. Every such objection shall be made within one month after the application to register the trade mark objected to shall have been made and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorized to sign on behalf of the objecting member and shall set forth the grounds of objection.

16. Any member may within three calendar months from the date of his becoming a member for the first time apply that any trade mark which shall have been registered in the Permanent Register, at any time before the expiration of the said period of three months, shall be removed therefrom on the ground—

That the trade mark so already registered in the Permanent Register is an imitation colourable or otherwise of a trade mark for the registration of which such member has applied for use on goods of a class or classes similar to the class or classes of goods to which the trade mark so already registered in the Permanent Register is applied, and that such trade mark for the registration of which such newly joined member has so applied as aforesaid has been habitually applied by such newly joined member to the said class or classes of goods.

17. When any member being the owner of a mill shall have ceased to be a member for any reason, other than expulsion, and shall subsequently again become a member by virtue of the ownership of the same mill, or, when any mill, being the property of a member, shall have passed to a new owner and such new owner shall become a member by virtue of the ownership of the said mill, such member, who shall have again become a member, may at any time, within one month from the date of his having so again become a member or such new owner, who shall have become a member, may at any time within one month from the date of his becoming a member apply—

(a) That a trade mark which shall have been entered in the Permanent Register subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, shall be removed from the Permanent Register ; or

(b) That if any trade mark shall have been or shall be entered in the Permanent Register in compliance with an application for the registration of the same which has been made subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule, or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, the said trade mark shall be removed from the Permanent Register, on the ground either in the case (a) or in the case (b)—

That the said trade mark is an imitation colourable or otherwise of a trade mark previously registered with the Association by the member who shall have so ceased to be a member as aforesaid or by the member who was for the time being the owner of the mill which has so passed to a new owner as aforesaid for use on goods of a class or classes similar to the class or classes of goods for use on which the trade mark so objected to shall have been registered and that a fresh application for the registration of the mark so previously registered as aforesaid has been made by the applicant.

18. Every application for removal of a trade mark from the Permanent Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the grounds on which the same is made.

19. Every application under Rules 16 and 17 for removal of a trade mark from the Permanent Register shall be accompanied by twelve or such other number of copies as the Managing Committee may from time to time prescribe of the trade mark said by the applicant to have been previously registered with the Association.

20. If any member, being the owner of a trade mark which shall have been registered in the Permanent Register shall so alter the trade mark as in the opinion of a majority of the Trade Marks Sub-Committee to render it likely to deceive, or materially different, either in name or design, from the registered trade mark, and shall use the mark so altered on goods of a class or classes similar to the class or classes of goods for use on which registration of the original mark was obtained, the member concerned may be required to apply in the manner prescribed for registration of the altered trade mark as a new trade mark and in default of compliance with any such requisition within one month after receipt thereof by the member concerned, the altered trade mark shall be deemed an unregistered trade mark.

Liberty to refuse
to refer to arbitra-
tion in certain
cases.

21. Notwithstanding anything contained in these rules or in the Form of Adherence prescribed under Rule 39 of the Rules and Regulations of the Association any member who shall have become a member for the first time may send a notification in writing addressed to the Secretary with any application, made by such member, to register a trade mark, which shall be sent to the Secretary within one month from the date when such member shall have become a member notifying that he is not willing to refer to arbitration any matter relating to the application with which the notification is sent ; and whenever any such notification is sent as aforesaid no member shall in the matter to which the notification relates be bound by the rules relating to arbitration.

22. In like manner, notwithstanding anything contained in these rules or in the Form of Adherence in Rule 39 mentioned, if any member who shall have received notice of any application to register a trade mark, which shall have been sent to the Secretary, by a member who shall have become a member for the first time, within one month from the date when such member shall have become a member shall object, in the manner prescribed by these rules, to the said trade mark being entered in the Permanent Register on the ground specified in Rule 14, such objecting member may send with such objection, a notification in writing addressed to the Secretary notifying that he is not willing to refer to arbitration any matter relating to such objection to the application of which he shall have so received notice as aforesaid and specifying such application and objection ; and whenever any such notification is sent no member shall in the matter to which such notification relates be bound by the rules relating to arbitration.

Provided always that if a member who shall have become a member for the first time shall prove to the satisfaction of the Managing Committee that for a period of not less than five consecutive years immediately preceding the date when such member shall have become a member he has habitually applied the said trade mark to goods of a class or classes similar to the class or classes of goods to which such objecting member shall have habitually applied the trade mark of which the said trade mark is alleged by such objecting member to be an imitation colourable or otherwise, then such objecting member shall be deemed to have

sent to the Secretary such a notification in writing as above mentioned, and the provisions of Rules 37 to 43 (inclusive) so far as the same are applicable shall forthwith operate and have effect.

23. All questions in dispute between two members arising out of or incidental to any

- (a) application to register a trade mark,
- (b) application to remove a trade mark from the Suspense Register,
- (c) application to remove a trade mark from the Permanent Register,

Determination of questions relating to any application to register a trade mark or to any application to remove a trade mark from the Suspense Register or from the Permanent Register, as to which notice of refusal to refer to arbitration has not been given.

shall, if no such notice, as is permitted by these rules, of unwillingness to refer to arbitration shall have been given in connection with the same, be determined by arbitration in the manner prescribed by the following rules.

24. Either member may give the other member notice of the appointment of an arbitrator on behalf of the member giving such notice and may call upon such other member to appoint and to notify to the member who shall give the notice of the appointment of an arbitrator within seven days from the date of the giving of the notice ; and on receipt of such notice such other member must, if he should desire to appoint an arbitrator, appoint him within seven days from the receipt of such notice and notify such appointment within the same time to the member from whom he shall have received the notice to appoint an arbitrator.

25. If the member to whom such notice as in Rule 24 mentioned shall have been given fail to appoint and to notify to the member who shall have given the notice of the appointment of an arbitrator within seven days from the service of the notice upon him the matter in dispute shall stand referred to the arbitrator already appointed as sole arbitrator.

26. If a matter in dispute shall stand referred to an arbitrator as sole arbitrator he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him.

27. If two arbitrators shall be duly appointed in accordance with these rules, they shall within 3 days from the date when such one of them as was last appointed shall have been appointed and before proceeding with the reference appoint an umpire.

28. If two arbitrators and an umpire shall have been duly appointed, the two arbitrators shall, if they can agree upon their award, make their award within fourteen days after the appointment of the umpire.

29. If two arbitrators and an umpire shall have been duly appointed but the two arbitrators shall either fail to agree upon their award or fail to make it within fourteen days from the appointment of the umpire, the matter in dispute shall stand referred to the umpire.

30. When a matter in dispute shall stand referred to an umpire he shall make his award within fourteen days from the date when the matter in dispute shall stand referred to him.

31. If

- (a) a matter in dispute shall stand referred to a sole arbitrator but such arbitrator shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;
or
- (b) two arbitrators shall have been duly appointed but shall fail, from any cause whatever, to appoint an umpire within three days from the date of the appointment of such one of the arbitrators as shall have been last appointed ;
or

- (c) a matter in dispute shall stand referred to an umpire but such umpire shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;

the matter in dispute shall in any of such cases stand referred to a referee who shall be appointed by the Managing Committee.

32. When a matter in dispute shall stand referred to a referee he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him and it shall be deemed to stand referred to him so soon as he shall have been informed of his appointment by the Managing Committee.

33. The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall, when he or they make an award, reduce it into writing, sign it and forward it to the Managing Committee who shall file it in a separate file, in which such awards shall alone be filed.

34. Every award, whether made by a sole arbitrator, two arbitrators, an umpire or a referee, which shall be duly made under the authority of and in conformity with these rules, shall be conclusive and binding upon the parties to the arbitration in which the award was made and the Association shall give effect to it.

(a) No person shall be appointed an arbitrator, umpire or referee, under the foregoing rules, who shall not be either a member of the Association or a person entitled to act and vote on behalf of a member of the Association, and any appointment made in contravention of this rule shall be null and void.

Fees on arbitrations.

35. The following fees on arbitrations shall be chargeable by the Association to members :—

- (a) In cases where there is a sole arbitrator, Rs. 15, which shall be paid by the member who has failed to appoint an arbitrator within the time prescribed by these rules.
- (b) In cases where each party has appointed one arbitrator, the sum of Rs. 30, whereof each member, a party to the arbitration, shall pay Rs. 15.
- (c) In cases where an umpire is appointed, Rs. 15, whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.
- (d) In cases where a referee is appointed Rs. 15 whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.

The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall have power to direct by any award made by him or them under these rules that any fee paid by any member, a party to the arbitration in which such award shall have been made, shall be refunded to him by the other member, a party to the said arbitration.

36. The Association shall, whether the fees payable under these rules in connection with any arbitration shall have been duly paid to it or not, pay to each arbitrator, umpire and referee who shall have acted in such arbitration a fee of Rs. 15.

Procedure when any application made to register a trade mark, or any objection made to register a trade mark as to which notice of refusal to refer to arbitration has been given.

37. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, make

- (a) any application to register a trade mark,
or
- (b) any objection to a trade mark being entered in the Permanent Register,

accompanied by a notification that the member is not willing to refer to arbitration any matter relating to the application or objection, as the case may be, with which the notifica-

tion is sent, no steps shall be taken by the Association in the matter of the application or objection specified in such notification for a period of two months from the receipt by the Secretary of such notification.

38. Any member, who shall have made any such application or objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, may, at any time during the said period of two months in the said Rule 37 mentioned, institute legal proceedings either to establish the right of such member to the trade mark to which such application or objection relates or to restrain any other member from using such trade mark or to procure the punishment of such member for using the same and such proceedings may be taken either in a Civil or a Criminal Court.

39. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such application as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the application relates, the said application shall be rejected and the said trade mark be removed from the Suspense Register and shall not be entered in the Permanent Register.

40. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the objection relates, the said objection shall be rejected, and the application to register the trade mark, to which such objection relates, shall be dealt with under these rules, as if no such notification had been given.

41. If, within the said period of two months in Rule 37 mentioned, such legal proceedings as in Rule 38 mentioned shall have been instituted, no steps shall be taken in the matter of the application or objection concerning the trade mark to which such legal proceedings relate until such legal proceedings shall have been finally determined.

42. When such legal proceedings as in Rule 38 mentioned shall have been finally determined, if it shall have been held by the Court—

- (a) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is an imitation colourable or otherwise of another trade mark, the trade mark so held to be an imitation colourable or otherwise shall not be registered ;

or, if it shall have been held by the Court—

- (b) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is not an imitation colourable or otherwise of another trade mark, the same shall, if it be in the opinion of the Managing Committee a proper mark to be registered as a trade mark, be entered therein.

43. The production to the Managing Committee of a certified copy of a decree passed by a Civil Court of competent jurisdiction in British India from which no appeal lies or in respect of which the time for appealing has expired or the production of a certified copy of a judgment of a Criminal Court from which no appeal lies, or in respect of which the time for appealing has expired, shall be conclusive evidence of everything therein appearing to have been held, decided or found, and the Managing Committee shall act in accordance therewith.

All trade marks registered with the Association on or before the First day of April 1912 to be entered in the Permanent Register.

44. All trade marks which shall have been registered with the Association on or before the First day of April 1912 either under the Rules for Primary Registration or under the Rules for Secondary Registration, which were in force prior and down to the said First day of April 1912, shall be entered in the Permanent Register and shall be deemed respectively to have been entered therein as of the respective dates on which the same were originally registered with the Association.

Effect of entry of trade mark in Permanent Register.

45. Registration of a trade mark in the Permanent Register under these rules for use on goods of the class or classes specified in the entry in such register shall, *prima facie*, be held to secure to the said member an exclusive right as against all other members to the use of the said trade mark on goods of the class or classes so specified.

46. These rules shall come into force on the First day of April 1924 on which date they shall supersede all other rules relating to the Registration of Trade Marks.

RULES FOR THE REGISTRATION OF TRADE NUMBERS.

*Adopted at the Special General Meeting of the Members of the Association
held on 10th October 1932.*

THE object of these Rules is to protect quality numbers used on cloth by member mills and registered with the Association, against all possible imitations and infringements. It has been recognised that this object can only be achieved by exercising systematic control over numbers introduced in future by members. The Rules will provide mills with a ready guide, which they can always consult before introducing a number, as to the minimum difference which has to be maintained between a number already registered and a number proposed for registration. It should be clearly understood, however, that the maintenance of the differences referred to in Rule 16 will not necessarily result in a member obtaining a certificate of registration from the Association. The real test of registrability will be whether a number is likely to become known by or acquire the same name, or be passed off as another number already registered with the Association.

1. These Rules shall be called the "Rules for the Registration of Trade Numbers" and shall come into force on the 1st day of January 1933.

2. Throughout these Rules, the following words shall bear and include the following Definitions. meanings, namely :—

- (a) "The Association" means "The Millowners' Association, Bombay."
- (b) "Member" means a member of the Millowners' Association, Bombay.
- (c) "The Secretary" means "The Secretary of the Millowners' Association, Bombay."
- (d) "Number" means and includes :—
 - (i) ANY COMBINATION OF NUMBERS of not less than two nor more than six digits.
 - (ii) ANY COMBINATION OF LETTERS of not less than two nor more than six letters.
 - (iii) ANY COMBINATION OF NUMBERS AND LETTERS of not more than eight digits, a letter representing a digit.
 - (iv) ANY NUMBER FRACTION of not more than eight digits in the numerator and denominator together.
 - (v) ANY LETTER FRACTION of not more than eight letters in the numerator and denominator together.
 - (vi) ANY COMBINED LETTER AND NUMBER FRACTION of not more than eight digits (each letter representing a digit) in the numerator and denominator together.
 - (vii) ANY COMBINATION OF NUMBERS AND FRACTIONS of not more than six digits, each fraction representing a digit.
 - (viii) ANY COMBINATION OF NUMBERS, LETTERS AND FRACTIONS of not more than eight digits, each letter and fraction representing a digit.

3. The following combinations shall not be capable of registration, namely :—

- (a) A combination of numbers and letters ending with a fraction of more than one digit in the numerator and the denominator ;

Unregistra-
ble Numbers.

(b) A combination of numbers and/or letters representing cloth dimensions ;

(c) A combination of letters making a word.

Portion of Number relating to design, etc.

4. Where a portion of a number submitted for registration relates to the design, colour or border of the cloth on which it is used, or indicates that the cloth on which it is used is dyed, bleached, calendered, etc., that portion of the number shall not be capable of registration, but will be recorded against the number in the Exclusive Register.

Registers.

5. The Association shall keep two Registers, one of which shall be called the Exclusive Register" and the other the "Suspense Register."

Suspense Register.

6. There shall forthwith be entered in the Suspense Register all numbers which prior to the 1st April 1930, were being used by more than one member on the same class or classes of goods, together with the names of the members by whom and the class or classes of goods on which such numbers were being so used.

Effect of entry in Suspense Register.

7. The entry of a number in the Suspense Register shall not confer upon the members whose names shall be entered therein as the users of such number prior to the 1st April 1930, any right against any other member in respect of the number so entered.

Agreement as to user of numbers in Suspense Register.

8. If and when the members whose names shall be entered in the Suspense Register as the users of a number on the same class or classes of goods prior to the 1st April 1930, shall agree that the number in question shall henceforth be the exclusive property of one of them for use on a particular class of goods, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the number in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the number on the particular class of goods on which it is to be used.

Exclusive Register (Old Numbers).

9. There shall forthwith be entered in the Exclusive Register every number which, prior to the 1st April 1930, was being used exclusively by a member on a particular class or particular classes of goods together with the name of the member by whom and the class or classes of goods on which such number was being used.

Exclusive Register (Intermediate Numbers).

10. Every number introduced by a member for use on any class of goods after the 1st April 1930, but before the date on which these Rules shall come into force, shall, provided such number differs in any respect from any number, already registered in the Suspense Register or the Exclusive Register, forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Exclusive Register (New Numbers).

11. Every number which shall, after the date on which these Rules shall come into force, be certified for registration under these Rules shall forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Effect of entry in Exclusive Register.

12. Registration of an old or new number in the Exclusive Register under these Rules for use on goods of the class or classes specified in the entry in such register shall *prima facie* be held to secure to the said member an exclusive right as against all other members to the use of the said number on goods of the class or classes so specified.

Use of New Number.

13. A new number shall not be used by any member after the date on which these Rules shall come into force until he shall have obtained from the Secretary a certificate of registration of the number under these Rules.

Form of Application for Registration.

14. An application for the registration of a new number shall be signed by a Director, or the Secretary or other principal officer of the applicant member, and shall be addressed and

sent to the Secretary at the office of the Association for the time being, accompanied by a sample of the cloth upon which the number is intended to be used. The application shall specify :—

- (i) The number to be registered ;
- (ii) The class of cloth on which the number is intended to be used ;
- (iii) The dimensional particulars of the cloth on which the number is intended to be used ; and
- (iv) Whether any, and if so, which portion of the number submitted for registration refers to the design, border or width of the cloth, or indicates that it is bleached, dyed or calendered.

A separate application must be made for each class of goods.

15. Upon receipt of an application for registration of a new number, the Secretary, ^{Search by Secre-} if satisfied that the number is capable of registration under these Rules, shall cause a search ^{tary.} to be made amongst the numbers registered in the Suspense Register and the Exclusive Register for the purpose of ascertaining whether there are on record any numbers for the same goods or description of goods identical with the number applied for or so nearly resembling it as to be calculated to deceive.

16. A number shall be deemed to be so nearly resembling a registered number as to ^{What is calcu-} be calculated to deceive if it does not differ from the registered number :— ^{lated to deceive.}

- (i) in the case of a number not exceeding four digits, in at least one corresponding digit ;
- (ii) in the case of a number of five digits, in at least two corresponding digits ;
- (iii) in the case of a number of six digits, in at least three corresponding digits ;
- (iv) in the case of a letter number of two letter digits, in at least one corresponding letter digit ;
- (v) in the case of a letter number of three or four letter digits, in at least two corresponding letter digits ;
- (vi) in the case of a letter number of five or six letter digits, in at least three corresponding letter digits ;
- (vii) in the case of a number consisting of one letter digit and one number digit, in at least one corresponding digit ;
- (viii) in the case of a number consisting of one letter digit and two or three number digits, in at least one corresponding number digit ;
- (ix) in the case of a number consisting of one letter digit and four or more number digits, in at least two corresponding digits ;
- (x) in the case of a number consisting of two or more letter digits and one or more number digits, in at least one corresponding letter digit and one corresponding number digit ;
- (xi) in the case of a number fraction, in which the total number of digits in the numerator and denominator is three or four, in at least one digit from either the numerator or denominator ;

- (xii) in the case of a number fraction in which the total number of digits in the numerator and denominator is five or more, in at least one corresponding digit in the numerator and one corresponding digit in the denominator, or two corresponding digits in either the numerator or the denominator ;

PROVIDED that no fractions of less than three digits in the numerator and denominator together will be accepted for registration.

Sub-rule (xi) applies also to letter fractions and letter and number fractions where the total number of letters is three or four ; and sub-rule (xii) applies where the total number of digits in the numerator and denominator is five or more.

- (xiii) in the case of a combination consisting of a number and fraction :—

- (a) where the number portion consists of not more than four digits, in at least one corresponding digit ;
- (b) where the number portion consists of five or more digits, in at least two corresponding digits ;

PROVIDED always that a combination of a number and a fraction shall not be capable of registration if the number portion is already registered.

- (xiv) in combinations of letters, numbers and fractions :—

- (a) where the total number of digits, excluding the fractional digit, is not more than three, in one corresponding digit ;
- (b) where the total number of digits excluding the fractional digit is four or more, in at least two corresponding digits ;

PROVIDED that the restrictions mentioned in this rule are not applicable to “BALANCED NUMBERS.”

17. *The standards set forth in Rule 16 shall constitute the minimum requirements in each case, and the Trade Marks Sub-Committee or the Arbitrators as the case may be, shall, in the event of an appeal or arbitration, take into consideration such other factors or possibilities directly bearing on the question as may appear to them feasible. They shall in all cases consider whether the number which forms the subject of appeal or arbitration is likely to become known by or acquire the same name, or is likely to be passed off as another number already registered with the Association.*

Temporary
certificate.

18. (a) After such search as aforesaid, the Secretary shall either reject the application, if he shall be satisfied that the number in question is not capable of registration under these Rules, or, if he shall be satisfied that the number in question is capable of registration under these Rules, he shall issue to the applicant a Temporary Certificate intimating that the number has been accepted by the Association as registrable under these Rules.

(b) The Secretary shall publish at the end of every week a list of the numbers in respect of which temporary certificates have been issued since the last publication together with the names of the members to whom such certificates have been issued and the classes of cloth on which it is intended that such numbers shall be used.

Certificate
registration.

of (c) If no objection to the registration of any such number on the ground that apart from these Rules, the number is likely to lead to deception in the market shall be received by the Secretary in writing within ten days after such publication, the Secretary shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him a certificate of registration which shall be conclusive evidence of the fact that the use of the number in question has been authorised. If any such objection as aforesaid shall be received by the Secretary within the prescribed period, he shall reject the application.

19. If as the result of such search or any objection as aforesaid an application is rejected, the Secretary shall send to the applicant a statement in writing of the reasons for such rejection, and if within two weeks from the date of the communication notifying such rejection, the applicant does not give notice of appeal he shall be deemed to have withdrawn his application. Notice of rejection to be given to applicant.

20. (a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the use of the number has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the rules for the registration of Trade Marks. Appeal.

(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the number is likely to be passed off as a number already registered by another member shall lie to the Trade Marks Sub-Committee of the Association.

21. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for temporary certificates and certificates of registration. Fees for Registration.

22. A "Balanced Number" means a number consisting of not less than three nor more than seven identical digits (numbers or letters). A "Balanced Number" shall not be capable of registration under these Rules unless it comprises at least 2 more or 2 less digits than a "Balanced Number" of the same series already registered either in the Suspense Register or the Exclusive Register. Balanced Numbers.

23. It shall be lawful for the Secretary, subject to appeal to the Trade Marks Sub-Committee, to reject an application for registration of a number which would otherwise be capable of registration under these Rules, if, in his opinion, it is likely to lead to deception in the market in regard to a number already registered. Rejection of Number likely to bear same name as a registered number.

24. (a) These Rules shall not apply to numbers introduced by members prior to their becoming members, if they shall become members for the first time after the date on which these Rules shall come into force. Such numbers shall be capable of registration provided they differ from numbers already registered and are submitted for registration within one month after the date on which the member became a member. Numbers excluded from operation of Rules.

(b) Where a number submitted by a member within one month after the date on which he became a member corresponds exactly with a number already registered in the Exclusive Register or the Suspense Register, the fact will be communicated to such member with a request to settle the rights in respect of that number by direct negotiation with the member or members interested in the registered number.

(c) An application for the registration of a number submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR THE REGISTRATION OF TRADE NAMES.

1. These Rules shall be called the “ Rules for the Registration of Trade Names ” and shall come into force on such day as may be fixed by the Committee of the Association in this behalf.

Definitions.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :—

- (a) “ The Association ” means “ The Millowners’ Association, Bombay.”
- (b) “ Member ” means a member of the Millowners’ Association, Bombay.
- (c) “ The Secretary ” means “ The Secretary of the Millowners’ Association, Bombay.”

Registrable
Trade Names.

3. For the purposes of these Rules a registrable trade name shall be :

- (a) An invented word or words printed or written in English characters ; or
- (b) An English Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used; or
- (c) An Indian vernacular Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used.

PROVIDED that such vernacular word or words shall only be used in the vernacular or vernaculars from which it/they is/are taken and shall be recorded in the Trade Names Registers of the Association (phonetic spelling) in English characters.

Unregistrable
Trade Names.

4. Notwithstanding anything contained in the foregoing Rules, the following types of words shall not be registrable :—

- (a) Personal Names.
- (b) Geographical Names.
- (c) Mis-spelt Words.
- (d) Names of Gods and Goddesses.
- (e) Names of mythological persons.
- (f) Word or words describing scenes from scriptures, or mythology of any religion whatsoever.
- (g) Word or words likely to offend religious susceptibilities.
- (h) Indecent or obscene word or words.
- (i) Trade names known to be current on imported goods.
- (j) Recognized textile terms, for example, African Domestics, Alhambra Quiltings, etc.
- (k) Word or words already registered with the Association as the name of a trade mark.

(l) Monograms.

(m) Names or colourable imitations of names of Indian Mills.

(n) Colourable imitations of letter combinations already registered with the Association as trade numbers.

5. These Rules shall be applicable only to cotton mill members of the Association. Application.

6. On and after the introduction of these Rules, the Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register."

7. There shall forthwith be entered in the Exclusive Register all trade names which comply with the requirements set forth in Rules 3 and 4, and which on the date of the introduction of these Rules are being used exclusively by one member together with the names of the members by whom such trade names are being used.

8. There shall forthwith be entered in the Suspense Register all trade names which comply with the requirements set forth in Rules 3 and 4 together with the names of the members by whom such trade names are used and which on the date of the introduction of these Rules are being used by two or more members.

9. If and when the members whose names shall be entered in the Suspense Register as the users of a trade name prior to the introduction of these Rules, shall agree that the trade name in question shall henceforth be the exclusive property of one of them, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the trade name in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the trade name. Agreement as to user of names in Suspense Register.

10. A trade name entered in the Exclusive Register shall preclude any member other than the member whose name is set opposite such trade name and a trade name entered in the Suspense Register shall preclude any member other than those whose names are set opposite such trade names from using such trade name. Effect of an entry in the Suspense Register or Exclusive Register.

11. Every trade name which shall after the date of the introduction of these Rules be certified for registration under these Rules, shall forthwith be entered in the Exclusive Register together with the name of the member by whom such trade name is entitled to be exclusively used. Exclusive Register (New Trade Names).

12. A trade name which is registrable under these Rules shall not be used by any member until he shall have obtained from the Secretary a certificate of registration of the trade name as provided in these Rules. Use of a new Trade Name.

13. An application for the registration of a new trade name shall be made in writing and shall be signed by a Director or the Secretary or other principal officer of the applicant member, and shall be sent to the Secretary at the office of the Association for the time being. Form of application for Registration.

The applicant shall write in his application in English characters the trade name for which registration has been applied and shall state whether it falls under Rule 3(a), 3(b) or 3(c).

In case the trade name applied for registration falls under Rule 3(c), the applicant shall clearly state the Indian vernacular or vernaculars from which the word has been taken, the Indian vernacular or vernaculars in which it is to be used and its English meaning.

14. A separate application shall be sent in respect of each trade name.

15. Upon receipt of an application for the registration of a new trade name, the Secretary, if satisfied that the trade name is capable of registration under these rules, shall cause a search to be made amongst the trade names already registered in the Exclusive Register and Suspense Register, for the purpose of ascertaining whether there are on record Search by Secretary.

any trade name or names identical in spelling or pronunciation with the trade name for which registration is applied, or so nearly resembling it as to be calculated to deceive.

Temporary Certificates.

16(a) If the Secretary shall be satisfied that the trade name in question is not capable of registration under these Rules, or if after such search as aforesaid he is satisfied that there is in the Exclusive or the Suspense Register a name identical in spelling or pronunciation with the trade name for which registration is applied or so nearly resembling it as to be calculated to deceive he shall reject the application. Otherwise he shall issue to the applicant member a Temporary Certificate intimating that the trade name has been accepted by the Association as registrable under these Rules.

16(b) The Secretary shall circulate to all members of the Association a description of every trade name for which a Temporary Certificate has been issued together with the name of the member to whom such Certificate has been issued.

Certificate of Registration.

16(c) If no objection by a member to the registration of such trade name is received by the Secretary in writing within 10 days, he shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him, a Certificate of Registration which shall be conclusive evidence of the fact that the trade name in question has been entered in the Exclusive Register and its use by the member concerned has been authorized.

17. If any objection or objections to the registration of a trade name is/are received by the Secretary within the prescribed period, he shall reject the application for registration.

Notice of Rejection to be given to Applicant.

18. When an application is rejected, whether under Rule 16 or 17, the Secretary shall forthwith send to the applicant a statement in writing of the reasons for such rejection, and in the case of a rejection under Rule 17, the name or names of the member or members objecting, and if within 14 days from the date of the communication notifying such rejection, the applicant does not give notice of appeal, he shall be deemed to have withdrawn his application.

APPEALS.

19(a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the trade name does not comply with the conditions laid down under these rules or so nearly resembling a trade name already registered by another member in the Exclusive or the Suspense Register as to be calculated to deceive shall lie to the Trade Marks Sub-Committee of the Association.

19(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the registration of such trade name has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the Association's Rules for the Registration of Trade Marks.

20. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for Temporary Certificates and Certificates of Registration.

21(a) These Rules shall not apply to names introduced by members prior to their becoming members if they shall become members for the first time after the date on which these Rules shall come into force. Such names shall be capable of registration provided they differ from trade names already registered and are *prima facie* capable of registration under Rules 3 and 4 and are submitted for registration within one month after the date on which the member became a member.

21(b) Where a trade name submitted by a new member within one month after the date on which he became a member corresponds exactly with a trade name already registered in the Exclusive Register or entered in the Suspense Register, the fact will be communicated to the parties concerned with the request that they should settle the rights in respect of such trade name by direct negotiation.

21(c) An application from a new member for the registration of a trade name submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR ARBITRATIONS ON INDIAN PIECEGOODS AND YARN.

*Revised and adopted down to the Annual General Meeting of the Association
held on 17th March 1939.*

PREAMBLE.—Whereas it is desirable that disputes and differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn which it is desired to submit to arbitration in accordance with the Rules of the Millowners' Association, Bombay, shall be speedily and economically decided by competent practical authorities on Indian piecegoods, and with that end in view the following Rules have been framed for the conduct of such arbitrations.

1. In these rules unless the context otherwise requires :—

“The Association” means The Millowners' Association, Bombay.

“The Committee” means the Committee for the time being of the Association.

“Member” means a member of the Association.

“The Secretary” means the Secretary or Acting Secretary for the time being of the Association.

Words importing the singular number only shall include the plural, and the converse shall also apply.

2. These Rules shall apply to any dispute or differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn entered into between members and merchants and between the selling agents of members and merchants, and between any other parties which specifically provide for arbitration in accordance with these Rules.

3. The Committee shall select triennially a panel of Arbitrators consisting of 30 persons, of whom fifteen shall be selected from representatives of members and fifteen shall be selected in consultation with the Bombay Country Fancy and Grey Piecegoods Merchants' Association, from dealers in Indian-made piecegoods. Panel of Arbitrators.

4. The Committee shall also select triennially from the panel of Arbitrators selected in accordance with Rule 3, a panel of ten persons to act as Umpires. Panel of Umpires.

5. If a member of the Arbitration or Umpire panel shall resign or refuse to act or become incapable of acting or shall die, the Committee shall forthwith select in accordance with Rule 3 or Rule 4 as the case may be some other person to fill the vacancy so caused.

6. The Secretary shall keep a record, in the form, from time to time prescribed by the Committee, of all arbitrations conducted by the Association and of the awards made therein, and shall collect all fees in connection therewith and do all such things as are prescribed by or are necessary under these rules.

7. (a) The parties to a dispute may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or Appointment of Arbitrators.

(b) Either party to the dispute may appoint an arbitrator selected as aforesaid to act on his behalf and the Secretary shall immediately upon receipt of notice of such appointment give written notice thereof to the other party and shall call upon the other party to appoint within 10 days of the receipt of such notice an arbitrator selected as aforesaid to act on his behalf, and if such other party shall fail to make such appointment within the prescribed period the dispute shall stand referred to the arbitrator appointed by the first party as sole arbitrator. Reference to sole arbitrator if second arbitrator not appointed within 10 days.

Arbitrators not to be appointed without previous consent.

(c) No person shall be appointed to act as arbitrator under these Rules whose consent to so act shall not previously have been obtained.

Appointment of arbitrators to be made on the form prescribed by the Association.

(d) The appointment of an arbitrator under these rules shall be made on the form prescribed by the Association, which form shall be signed by the person making the appointment, and submitted to the Secretary for necessary action.

(e) All applications for appointment of an arbitrator or arbitrators shall be accompanied by a deposit of Rs. 60, or such other sum as the Committee may direct, as a cover against the expenses of the arbitration.

Where the expenses of an arbitration remain unpaid by the party liable thereto for a period of 10 days after the award is made, the Secretary shall appropriate the deposit or a portion thereof towards the amount recoverable from the party. A refund of the amount of the deposit shall be made to the parties concerned on payment of all expenses of the arbitration in accordance with the terms of the award.

Arbitrators to be disinterested.

8. No party to a dispute shall appoint an arbitrator, and no person shall consent to act as arbitrator, who is or whose employers are interested directly or indirectly, in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

Appointment of Umpire by arbitrators.

9. When two arbitrators are appointed they shall, before proceeding with the reference, select from the panel of Umpires an umpire, who is willing to act, and communicate his name to the Secretary.

10. If the arbitrators are unable to agree as to the umpire they shall proceed with the reference and notify the Secretary of their disagreement, and the Committee shall thereupon select a person from the panel of Umpires to act as umpire. No person shall be appointed to act as umpire either by the arbitrators or the Committee who is or whose employers are interested either directly or indirectly in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

11. The arbitrators shall fix a time and place for the hearing of the reference and notify the Secretary thereof. The date so fixed shall be not later than 10 days after their appointment. The Secretary shall forthwith notify the parties of the time and place appointed.

Submission of statements.

12. Parties to the reference shall attend at the time and place appointed for the hearing of the reference, either in person, or (subject to the provisions of Rule 18) by any person duly authorised by them acquainted with all matters in dispute and they shall if so required by the arbitrators submit written statements of their respective cases to the arbitrators and answer all material questions relating to the dispute.

13. Parties to the reference shall, if required, submit to be examined by the arbitrators on oath or solemn affirmation or otherwise in relation to the matters in dispute.

Samples for inspection.

14. At the time appointed for the reference the parties shall have ready at the rooms of the Association or elsewhere as directed the sale samples duly attested, and if required sample packages or complete bales. Samples, packages or bales so sent will be at the sender's risk and must be accompanied by a peon in charge and by a cooper to open the packages.

15. The parties to the reference and all persons claiming through them respectively shall produce before the arbitrators all books, deeds, papers, accounts, writings and documents within their possession or power which may be required or called for and do all other things which during the proceedings on the reference the arbitrators may require.

16. The arbitrators shall have general authority to require from either or both of the parties to the reference such further statements, explanations, and other information, evidence and materials as they may consider necessary for the adjudication of the dispute.

and may, in such a case, by endorsement on the reference paper, extend the time for making an award by a period not exceeding one English calendar month.

17. The arbitrators shall proceed with the reference and make an award *ex-parte* in the absence of any party who shall after due notice refuse or neglect to attend without having satisfied the arbitrators that good and sufficient reason exists for such neglect or refusal.

18. No party to a reference shall, without the express permission of the arbitrators be entitled to appear by counsel, attorney, advocate or pleader, or insist on or require the arbitrators to hear or examine witnesses or receive oral or documentary evidence other than what is deemed necessary by the arbitrators

19. The arbitrators may, before making a final award, and at the joint expense of the parties to the reference, consult counsel or solicitors to be selected by them on any question of law, evidence, practice or procedure arising in the course of the reference. In such cases the time for making an award may be extended for a period not exceeding 28 days.

20. The arbitrators shall make an award in writing in the form prescribed by the Association or notify their disagreement to the Secretary as early as possible and in any case within 28 days from the date of the first hearing of the reference or within the period of any permitted extension of time.

21. If the arbitrators fail to make an award or to agree upon their award within the prescribed period or any permitted extension thereof or if the arbitrators make an award on part only of the subject-matter of the reference, the Secretary shall forthwith call upon the umpire to enter upon the reference and the umpire shall thereupon proceed with the reference. The arbitrators shall, in such case, furnish the umpire with a brief statement of the facts of the case and their reasons for such failure to make an award or to agree upon their award or for awarding on part only of the subject-matter of the reference as the case may be.

22. The foregoing rules as to the practice and procedure before the arbitrators shall apply *mutatis mutandis* to the proceedings before the umpire.

23. If an arbitrator duly appointed neglects or refuses to act or is otherwise incapable of acting, or dies, a new arbitrator shall be appointed in accordance with the foregoing rules.

If an umpire duly appointed neglects or refuses to act or is otherwise incapable of acting or dies, the Committee shall proceed to appoint a new umpire.

24. Parties to the reference shall do all acts necessary to enable the arbitrators or umpire to make a just and expeditious award, and shall not wilfully do or omit to do, or cause to be done or be omitted to be done, any act to delay or prevent the arbitrators or umpire in or from making an award. If either party shall be guilty of any such act or omission which delays the proceedings in any manner, the arbitrators or the umpire shall direct him to pay to the other party such costs as they or he may deem reasonable and may proceed with the hearing of the reference.

25. When a dispute stands referred to an umpire, he may proceed to adjudicate in the matter on the basis of the statement furnished to him by the arbitrators as provided by Rule 21 and shall make his award thereon within 14 days of his first entering on the reference or within the period of any permitted extension of time.

26. The arbitrators or umpire shall by their or his award determine exactly what they or he shall think fit to be done by either of the said parties, respecting the matters referred and shall direct to and by whom and in what manner and in what proportion the total costs of the reference and the award, including the fees payable to the arbitrators and umpire and the Association shall be paid.

27. All awards under these Rules shall be made in the forms prescribed therefor bearing stamps of the value laid down under the Indian Stamp Act or any other law for the time being in force and shall be lodged with the Secretary who shall send copies thereof to the parties.

28. Every award made under or in pursuance of these rules shall be final and binding on the parties to the reference and on their respective representatives notwithstanding death or legal disability occurring to any party, before or after the making of the award, and so that death or legal disability shall not operate as a revocation of the award.

29. Whenever an award directs that a certain act or thing shall be done by one party to the reference and such party fails to comply with the award, the party in whose favour the award was made may make an application for a further award determining the amount of damages or compensation payable by reason of such failure, and the Committee on receipt of such application shall proceed to appoint a sole arbitrator or two arbitrators and an umpire who may or may not be the same person or persons who made the first award. The arbitration on the said application shall then proceed in accordance with these rules and the award thereon may be filed separately or together with the original award.

30. Neither party to a dispute which has been submitted to arbitration under these rules shall bring or prosecute any suit or proceeding on any ground whatsoever against the arbitrators or the umpire, or the Secretary.

31. In respect of arbitrations conducted under these rules the following fees shall be paid by the parties to the reference or by those claiming under them, namely :—

- (a) To a sole arbitrator a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (b) To each of two arbitrators a fee at the rate of Rs. 15 per hour or part thereof, subject to a maximum of Rs. 60 for each arbitrator.
- (c) To an umpire a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (d) To the Association in every case a fee of Rs. 10.

32. If the parties to a reference shall take the reference out of the cognizance of the arbitrators or umpire, after the commencement of proceedings and before the publication of the award, they shall nevertheless be liable to pay fees to the arbitrators, umpire and Association at the rates specified in Rule 31 hereof.

33. A bill showing the amount due in respect of fees, stamp duties, etc., to the arbitrators, umpire and Association by each party to the dispute shall accompany any copy of the award sent in accordance with Rule 27, and shall be paid within seven days of the receipt thereof.

34. In addition to the fees mentioned in Rule 31, the parties to the dispute shall pay as and when demanded by the Secretary and as set out in the award, all other fees or charges incurred during the arbitration in accordance with Rule 19.

35. All notices required by these rules to be given shall be given in writing in the form prescribed by the Association and shall be sufficiently given if left at the last known place of abode or business of the party to whom the notice is addressed, or if sent by post prepaid addressed to him by name at such place of abode or business and not returned through the post as undelivered before the completion of the award and shall if sent by post be considered to have been given at the time at which the letter would, in the ordinary course, be delivered.

36. The provisions of the Indian Arbitration Act, 1899, or any modification or amendment thereof, or any other relevant Act for the time being in force, in so far as they are not inconsistent with these rules, shall apply to all arbitrations conducted by the Association.

37. These rules shall come into force on the Eleventh day of October 1932, on which date they shall supersede all previous rules relating to Arbitrations on Piecegoods.

STANDARD CONTRACT.

No. _____

Bombay, _____

We, the undersigned (hereinafter called "the Buyers"), hereby agree to purchase
from _____

(hereinafter called " the Company "), the undermentioned goods upon the following terms and conditions, that is to say :—

[illegible]

Delivery of the said goods shall be taken by the Buyers as follows :—

(Please turn over.)

THE TERMS AND CONDITIONS OF THE STANDARD CONTRACT FORM.

1. The quality of the goods shall, except in the case of a sale by sample, accord with the recognized standard quality cloth manufactured by the Company.

In the case of a sale by sample the buyers shall be deemed to have approved the sample furnished by the Company, unless the buyers shall within 4 days after the receipt of the sample intimate in writing to the contrary to the Company.

2. The Company does not guarantee, except where a particular assortment is specially stipulated, any fixed assortment in the deliveries of goods of various dimensions and patterns and bearing different numbers, and in such cases the buyers shall take delivery of and pay as herein agreed for all bales (not exceeding the contract quantity) from time to time ready for delivery regardless of the assortment.

3. Where the contract is for 100 bales or more, the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 10 per cent. more or less than the contract quantity, and where the contract is for less than 100 bales the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 5 per cent. more or less than the contract quantity, but as regards such limits the buyers shall not be obliged to take up more than 5 bales more or less of each sort, including any loose pieces of each sort.

4. In the case of goods sold at a fixed rate per pound the buyers shall not raise any objection or claim compensation for short weight so long as the average weight per bale in each lot delivered does not vary from the invoice weight by more than 2 per cent. per bale. The Company does not guarantee the weight of any goods sold by the piece.

5. The buyers shall not be entitled to any allowance or compensation for any deficiency in the width of dyed, bleached and/or calendered goods when such deficiency does not exceed one inch.

6. In the case of a sale of ready goods payment therefor shall be made and delivery thereof taken by the buyers within 8 days of sale.

7. In the case of a sale of goods for future delivery, when the period of delivery extends to two months or more and the quantity deliverable per month is not specified, the Company shall supply the goods in approximately equal lots per month, and the buyers shall on the last day of each English calendar month take delivery and pay for in cash against delivery of as many bales, approximating to the quantities specified in the contract, as shall have been made ready during that month, and either at the mill premises or at the godowns of the Company as the Company may direct : Provided that in the case of bales of which delivery is required in Bombay, the Company will ordinarily be willing to give delivery through the Selling Agents of the Company in the market, but giving delivery in the market shall not render the Company liable to a claim by the buyers for late delivery if the bales were ready for delivery at the mill premises or the godowns of the Company on the last day of the aforesaid calendar month.

8. The Company shall as far as possible, but without being under any obligation to do so, notify the buyers of the number and particulars of the bales ready for delivery at the end of each calendar month, and shall also furnish to the buyers if requested by the buyers in writing so to do the number and particulars of the bales ready for delivery from time to time during the month. Any such notification or furnishing of particulars by the Company as aforesaid shall not imply or be deemed to imply an obligation or undertaking on the part of the Company to give any further notification, or to furnish any further particulars, except upon the written request of the buyers, it being the duty of the buyers to ascertain the number and particulars of the bales ready for delivery from time to time and to pay for and take delivery thereof.

9. In the event of the buyers requesting the Company to despatch the goods either by rail, road or sea and the Company acceding to such request the goods shall be at the risk in all respects of the buyers from the time they leave the mill premises or the godowns of the Company as the case may be, including the risk of delay in delivery due to the non-booking of the goods by the Railway or Shipping Company for which the Company takes no responsibility.

10. Where the goods are to be delivered in lots or by instalments this contract shall be deemed and construed as a separate contract in respect of each lot or instalment, and the rights and liabilities of the Company and the buyers respectively shall be the same as though a separate contract had been made in respect of each lot or instalment.

11. All goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their part than is evidenced by their being parties to and signing this contract. From the date of such appropriation the said goods shall be held by the Company for the account of the buyers and at their sole risk as regards loss, damage, deterioration or otherwise and the price of the goods *plus* all charges shall carry interest in favour of the Company from due date at the rate of 9 per cent. per annum and the Company shall be entitled at its sole discretion and after giving not less than seven days' written notice to the buyers, which shall be deemed to have been duly given if delivered at or sent by registered post to the last known place of business or residence of the buyers, to sell the said goods on account and at the risk of the buyers either by public auction and/or private sale and either together or in lots and at such time or times and on such terms and conditions as the Company may think fit. If the net sale proceeds of the goods shall be less than the amount due to the Company for the price of the goods *plus* interest and all charges, the buyers shall pay the difference to the Company on demand.

12. The Company shall have a general lien on all goods of the buyers for the time being in the possession of the Company (including goods already paid for but of which delivery may not have been taken by the buyers) for the total amount due to the Company for the time being under this contract and also for any amount due to the Company under any other contract with the buyers either alone or jointly with another or others.

13. In respect of all goods of which delivery shall not be taken by the buyers within 14 days after the due date the buyers agree to pay to the Company on demand annas eight per bale per month or any part of a month for godown rent and annas four per bale per month or any part of a month for insurance calculated from the expiry of such period of 14 days to the date on which actual delivery shall be taken by the buyers.

14. If any goods while in the possession of the Company shall be destroyed and/or damaged from any cause whatsoever after the due date for delivery thereof to the buyers, any sum recovered from the insurance of such goods against such destruction and/or damage may be applied by the Company in satisfaction in whole or in part as the case may be of the price of the said goods *plus* interest and all charges and if the sum so recovered shall be less than the price of the said goods *plus* interest at 9 per cent. and all charges the buyers shall pay the difference to the Company on demand, and on the other hand if the sum so recovered shall be greater than the price of the said goods *plus* interest at 9 per cent. and all charges the Company shall pay the excess to the buyers on demand.

15. If the Company shall be unable to deliver the whole or any part of any goods sold for future delivery by the time specified for delivery thereof by reason of the mills working short time or its being expedient to stop the mills temporarily or by reason of fire, war, stoppage or hindrance in the supply of raw materials or fuel, explosion, accident, strike, riot, lock-out or other disorganization of labour or transport, breakdown of machinery, or any inevitable or unforeseen event beyond human control directly or indirectly interfering with the working or the full working of the mills, the buyers shall take delivery of such bales as the Company may be in a position to deliver (if any) and the time for completing the contract

shall, as regards the bales not ready by the specified time, be extended for such time as the Company may reasonably require to make up for the delay caused by stoppage, hindrance to or interference with the working of the mills or any other events or circumstances before mentioned PROVIDED ALWAYS that should the inability to deliver in the case of non-seasonal goods be continuous during the period of three consecutive English calendar months, and in the case of seasonal goods during the period of one English calendar month, then the buyers shall be entitled by notice in writing of their intention to do so, to cancel the contract in respect of any bales then remaining to be manufactured.

16. If for any reasons other than those mentioned in the last preceding clause any portion of the contract goods is not ready by the specified time it shall be lawful for the buyers at their option either to cancel the contract in so far as it relates to the balance of the goods not then ready for delivery, or to extend the time of delivery for such period as the Company may reasonably require, not exceeding one month, PROVIDED ALWAYS that if the buyers shall elect to cancel the contract it shall be incumbent upon them to give to the Company within 7 days after the due date for delivery of the goods not then ready notice in writing of their intention to cancel, and in default of such notice within the time aforesaid the buyers shall be precluded from cancelling the contract and the time for delivery shall be deemed to have been extended for such period as the Company may reasonably require, not exceeding one month, to make ready for delivery the balance of the goods then undelivered.

17. In any of the cases provided for in the last two preceding clauses the buyers shall not be entitled to make any claim for damages, allowance, compensation or otherwise in respect of such non-delivery or late delivery and shall pay for the goods delivered at contract rates, and in the event of the time for delivery being or being deemed to have been extended all the provisions of this contract shall apply equally to the extended time as the time originally specified including therein the remedies reserved to the Company for failure on the part of the buyers to pay for and take delivery of the goods when ready within the extended period and including the liability of the buyers for interest.

18. The buyers shall not be entitled to make any claim for an allowance or otherwise in regard to the condition of the goods when once the goods have left the mill premises or the godown, as the case may be of the Company, unless the buyers prove that the damage was done at the mills, and the claim is lodged within 14 days of the delivery of the goods.

19. The buyers shall not be entitled to make any claim for an allowance or otherwise on the ground that the goods delivered are not in accordance with the contract unless notice in writing of their intention to make such claim shall have been given to the Company within one calendar month after the date of actual delivery of the goods to the buyers or to a carrier or other agent on behalf of the buyers. In default of any such notice the goods delivered shall be deemed to be in all respects in accordance with the contract.

20. In the event of any goods the subject of this contract or any portion thereof being destroyed or so damaged by fire, water or other cause beyond the control of the Company as to render them unmerchantable while stored at the mills or godowns of the Company pending due date of delivery, the contract in respect of such goods shall be deemed to have been cancelled by mutual consent and the buyers shall have no claim whatsoever against the Company in respect of such goods, but if the price of such goods shall have been then paid the buyers shall be entitled to a refund thereof.

21. All disputes and questions whatsoever which shall arise between the parties hereto out of or in connection with this agreement or as to the construction or application thereof or the respective rights and obligations of the parties hereunder or as to any clause or thing herein contained or any account or valuation to be made hereunder or as to any other matter in any way relating to these presents shall be referred to arbitration in accordance with the rules of the Millowners' Association, Bombay, for the time being in force regulating arbitrations with respect to piecegoods.

22. Notwithstanding any such reference to arbitration as aforesaid the buyers shall take delivery of the goods the subject of the reference and pay for the same as herein agreed and unless the arbitration award is to the effect that the goods under dispute are "no tender" the buyers shall be bound to accept the said goods on payment by the Company of the allowance (if any) awarded to the buyers. If, however, the arbitration award is to the effect that the goods are "no tender" the buyers shall be entitled to invoice back the said goods with any penalty the arbitrators may award.

23. Nothing appearing in the contract in any vernacular language, save only the name or signature of the buyer or his agent, shall be binding upon the Company.

**RULES FOR THE ELECTION OF REPRESENTATIVES OF THE
ASSOCIATION ON THE BOARD OF THE VICTORIA JUBILEE
TECHNICAL INSTITUTE.**

The Association is entitled to elect two members on the Board of the Victoria Jubilee Technical Institute so long as it continues to contribute not less than Rs. 2,000 per annum for the maintenance of the Institute.

1. Any member of the Association shall be eligible to act as Representative of the Association on the Board of the Victoria Jubilee Technical Institute.

2. The period of office of any elected Representative of the Association on the Board of the said Institute shall be one of three years. At the end of such period he shall retire but may be re-elected.

3. The appointment of the Association's Representatives shall be made at a general meeting of the Association and such Representatives shall *ex-officio* be members of the Committee of the Association.

4. In the event of the disqualification of any of the Association's Representatives under Section 9 or 10 of the Rules and Regulations of the said Institute, or in the event of the decease or resignation of such Representative, or in the event of his ceasing for any reason to be a member of the Association, the Committee shall appoint a successor, who shall hold office up to that date at which the Representative whom he succeeds would, under Rule 2, have retired.

5. In the event of the absence of any of the Association's Representatives from three or more consecutive meetings of the Board, or in the event of any of the Association's Representatives applying for leave of absence, the Committee may, if they think fit and with the consent of the Board of the said Institute, appoint a substitute who shall hold office until the Representative whom he replaces resumes attendance or up to that date at which the Representative whom he replaces would, under Rule 2, have retired.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOARD OF TRUSTEES OF THE PORT OF BOMBAY.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.

2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.

3. The Committee shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot-box shall be open from 10-30 A.M. till 5 P.M. on that day.

4. Votes may be given either in person or through any one duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees fifty paid by him as annual subscription to the Association.

5. The Committee shall appoint two scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.

6. The candidate who has the largest number of votes shall be declared duly elected.

7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.

8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.

9. In the event of a casual vacancy the above course shall be followed in the appointment of a substitute.

10. In the event of the temporary absence of a Representative of the Association on the Board of Trustees, necessitating the appointment of a substitute, such appointment shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE BOMBAY MUNICIPAL CORPORATION.

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.
2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.
3. The Committee, in consultation with the Municipal Commissioner, shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot box shall be open from 11 A.M. till 5 P.M. on that day.
4. Votes may be given either in person or through anyone duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees Fifty paid by him as annual subscription to the Association.
5. The Committee shall appoint two Scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.
6. The candidate who has the largest number of votes shall be declared duly elected.
7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.
8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.
9. In the event of a casual vacancy, an appointment to fill such vacancy shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

*Sections of the City of Bombay Municipal Act, III of 1888, as subsequently amended,
pertaining to the Election of Councillors by the Bombay Millowners' Association.*

Section 5.

- (1) The Corporation shall consist of one hundred and seventeen Councillors, as follows :—
- (i) Elected Councillors —
 - (a) One hundred and six Councillors elected at ward elections ;
 - (b) Four Councillors elected as follows :—
 - One by the Bombay Chamber of Commerce,
 - One by the Indian Merchants' Chamber and Bureau,
 - One by the Bombay Millowners' Association,
 - One by Fellows ;
 - (c) Four Councillors elected by delegates.
 - (ii) Three *ex-officio* Councillors, namely :—
 - The Police Commissioner;
 - The Executive Engineer, Presidency Division, Public Works Department, Bombay,
 - The Chairman of the Board of Trustees of the Port of Bombay.

(1) [Repealed by Act XVI of 1895.]

Section 6.

(2) Councillors elected to succeed retiring Councillors shall come into office on the day for the retirement of the Councillors whom they are to succeed.

(1) All elected Councillors shall retire from office at noon on the first day of April, three years after they take office, which day is in this Act referred to as the day for retirement. Section 7.

(2) The term of office of an *ex-officio* Councillor shall continue so long as he holds the office by virtue of which he is such Councillor.

Any person who ceases to be a Councillor shall, unless disqualified, be re-eligible. Section 8.

A person shall not be qualified to be elected to be a Councillor at an election by a Chamber or Association mentioned in sub-section (1) of Section 5 or at a Fellows' election, unless he is at the time of the election a member of that Chamber or Association or a person entitled to exercise the rights and privileges of membership on behalf and in the name of any firm, company or corporation registered as a member of such Chamber or Association or a Fellow, as the case may be, and unless, in the case of a Fellow, he has resided in the city for six months immediately preceding the date of the election. Section 15.

(1) General Elections of Councillors shall be fixed by the Commissioner, subject to the provisions of Section 23, to take place triennially on such days in the months of January and February as he shall think fit. Section 22.

(2) [Repealed by Act XVI of 1895.]

(3) Elections to fill casual vacancies shall be fixed by the Commissioner to take place on such days as he shall think fit, as soon as conveniently may be after the occurrence of the vacancies.

The dates for all General Elections shall be fixed in the following order, and with the following intervals, namely :— Section 23.

Firstly.—The Ward elections shall be fixed to take place simultaneously for all the Wards.

Secondly.—The day for the election by the Chamber or Association mentioned in sub-section (1) of Section 5 shall be fixed at an interval not exceeding twenty-one days after the day fixed for the Ward elections.

* * * * *

* * * * *

(1) An election of a Councillor by a Chamber or Association mentioned in sub-section (1) of Section 5 shall be made by the members for the time being of the said Chamber or Association, as the case may be, subject to the provisions of Section 15, in accordance with the rules made by the said Chamber or Association in this behalf. Section 31.

(2) The Secretary to the said Chamber or Association shall make a return in duplicate to the Commissioner setting forth the name in full of every person so elected.

(1) The result of every election shall be declared by fixing, as soon as may be after the election, in some conspicuous place in the Chief Municipal Office, a notice certifying the names of the persons, if any, elected, and in the case of a contested election the number of votes recorded for each candidate. Section 32.

(2) The said notice shall be signed in the case of a Ward election, and in the case of an election by Councillors, by the Commissioner, and in the case of an election by a Chamber or Association mentioned in sub-section (1) of Section 5, by the Secretary of such Chamber or Association, and in the case of a Fellows' election by the Registrar of the University of Bombay.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

LIST SHOWING THE VARIOUS STATISTICAL RETURNS PUBLISHED BY THE
ASSOCIATION, THEIR RESPECTIVE SUBSCRIPTIONS, ETC.

	MEMBERS.		NON-MEMBERS.		POSTAGE.	
	Yearly.	Charge per copy.	Yearly.	Charge per copy.	Yearly.	Per copy.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Yarn and Piecegoods Trade Statistics of Bombay	1 copy free, additional copies @ Rs. 2-8-0 each.		24 0 0	2 8 0	Free	Free
Yarn and Piecegoods Trade Statistics of British India	Do.		24 0 0	2 8 0	Do.	Do.
Current Quotations of Local-made Piecegoods and Yarns—Issued fortnightly ..	....	....	6 0 0	0 6 0	0 12 0	0 0 6
Rules and Regulations of the Association ..	....	0 8 0	....	1 0 0	....	{ 0-2-0 Inland. 0-4-0 Foreign
Rules for Registration of Trade Marks ..	....	0 8 0	....	1 0 0	....	Do.
Rules for Registration of Trade Numbers ..	....	0 8 0	....	1 0 0	....	Do.
Rules for Registration of Trade Names ..	....	0 8 0	....	1 0 0	....	Do.
Rules for Arbitrations on Indian Piecegoods and Yarn .. ..	....	0 8 0	....	1 0 0	....	Do.
Annual Report of the Association.	1 copy free and for additional copies each Rs. 12-8-0.		....	{ 12 8 0 for current issues 15 0 0 for back numbers. }	....	{ 1-8-0 Inland. 3-0-0 Foreign.
Mill Statement showing Cotton Spinning and Weaving Mills working and in course of erection in India on 31st August each year issued yearly.	2 paper and 1 cloth copies free and for additional copies each— Paper .. 3 0 0 Cloth .. 4 0 0		Paper .. 3 0 0 Cloth .. 4 0 0		Free Do.	Free Do.
List of Mill Holidays and Pay-days	Free		0 4 0 per copy.			
Special Warranty Labels:						
Cloth: large size ..	Rs. 1-2-0 per 1000	} Issued to members only.				
small size ..	„ 0-13-0 „					
Yarn: ..	„ 0-13-0 „					
Standing Orders for Mill operatives			0 8 0	per copy		



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